









## INTERNATIONAL NEWS

## Soviet news agency closed down

THE independent Soviet news agency Interfax said yesterday that its services to domestic and foreign subscribers had been cut off by orders of the new chief of Gosteleradio, the state radio and television organisation, Reuter reports from Moscow.

Interfax said officials arrived at their offices in a Radio Moscow building and switched off all machinery.

An agency statement sent to subscribers just before the switch-off said its management saw the move as part of a deliberate policy "of liquidating independent information structures."

Since January 1, Interfax had been running a joint news service with the former Baltic News Service and provided a more balanced view of events in the Baltic republics than that presented by media under strict state control.

Interfax did not link the Moscow move with Baltic developments but said it was close to the closure by Gosteleradio of television programmes expressing radical views.

On Thursday, producers of the popular magazine programme Vozvrazhaya (Viewpoint) said they had been temporarily closed down as the first victim of what they saw as a drift to the right by President Mikhail Gorbachev.

## Spectre of Prague returns

As Soviet troops storm Lithuanian buildings, the scene in Vilnius reminds Leyla Boulton of 1968

THE scene might have been taken from the streets of Prague in 1968, when the Soviet tanks rolled in.

A youth rushed out of the Lithuanian printing house, his face covered in blood, after the building had been seized by Soviet troops. Bystanders said he was shot in the face by a furious colonel, after he poured a bucket of water over him.

As he was borne away in an ambulance, the crowd of angry Lithuanians surged around Soviet tanks shouting: "Fascists! Fascists! We will put you on trial!"

Bullet marks could be seen on the white concrete face of the building, from bullets fired when the troops stormed into the printing centre, where seven Lithuanian newspapers are published on Communist Party-owned presses.

Hundreds of ordinary Lithuanians crowded outside the building as the employees were marched out. They jeered at the nervous-looking soldiers, who refused to be provoked into any response.

Further down Cosmonaut Prospekt, on the outskirts of Vilnius, the Lithuanian capital, more Soviet troops ringed the headquarters of Lithuania's self-proclaimed defence force.

In a surreal scene, children

played around the tanks and an armoured car, while a small crowd numbered in dozens, not hundreds, gathered at the entrance to the building.

"We are carrying out our task, which is to defend the building," said a Soviet captain, in reply to this correspondent's question. "What are you defending the building against? Bad weather?" an angry Lithuanian jeered from the crowd.

Behind the captain, young Soviet conscripts, a fair number from the far republics of central Asia, stood in rows looking thoroughly confused.

At the Lithuanian parliament back in town - the cradle of the Soviet republic's drive for independence from the union - about 600 young volunteers, some carrying hunting guns, shotguns and automatic rifles, others simply

armed with iron bars, milled around in the foyer.

Amid repeated reports that Soviet troops from the Kaunas military base were heading towards the nationalist-dominated assembly, the young guards pledged allegiance to President Vytautas Landsbergis and the parliament.

"We are here to defend the president," they declared, as some manufactured Molotov cocktails, piled furniture at the windows, and lined up water hoses to turn on any attackers.

Lithuanian radio began issuing news bulletins every five minutes, with appeals for national solidarity punctuated with singing and classical music, urging Lithuanians generally not to oppose Soviet troops with force.

Earlier, however, Lithuania's new prime minister, Mr Albert



Soviet troops confront Lithuanians outside the printing plant in Vilnius yesterday

Simenas, said he would not issue orders for the guards to disperse if the parliament came under attack.

Elected only on Thursday, after the resignation of Mrs Kazimiera Prunskiene, Mr Simenas said: "The big neighbour from the east is trying to

provoke instability, so that there will be a pretext to introduce presidential rule."

More than 10,000 nationalist demonstrators converged on parliament from early morning in response to the radio broadcasts. A much smaller group of Russian-speaking, pro-Soviet

demonstrators gathered alongside, shouting: "Resign! Resign!"

They included several hundred Russian workers who have gone on strike as part of an organised protest against the actions of the nationalist assembly.

"What we want is presidential rule. What they want is a bourgeois Lithuania," said Mrs Lydia Andruskevich, a 44-year-old machine tool worker. She said she was on strike. "The management gave us buses and we came here."

Lithuanian militia separated the rival demonstrators. While the Russians shook their fists, the Lithuanians responded with V-signs, and paraded banners saying: "Russians go home" and "Provocateurs".

## US sees fall in wholesale prices

By Michael Prowse in Washington

A SHARP fall in energy costs led to an unexpectedly steep reduction in US wholesale prices in December, the Commerce Department reported yesterday.

The producer price index for finished goods fell 0.6 per cent after seasonal adjustment, a marked contrast to an increase of 0.5 per cent in November and rises of more than 1 per cent in the preceding three months. Analysts had been expecting a decline of about 0.2 per cent.

But the drop in wholesale prices was more than accounted for by a 4.8 per cent fall in energy prices, after big increases in the autumn, and a 0.9 per cent fall in food prices, led by lower prices for fresh and dried vegetables, pork and coffee.

Excluding food and energy, components which tend to be volatile, the "core" producer price index rose by 0.3 per cent, roughly in line with the average increase in recent months. The figures thus provide little sign of a marked slowdown in the underlying wholesale price inflation rate.

The overall decline in producer prices, however, is likely to be greeted with relief by the Federal Reserve.

## NEWS IN BRIEF

## Lebanese Druze leader quits cabinet

Lebanon's Druze leader, Mr Walid Jumblatt, resigned from the country's unity cabinet yesterday, dealing a blow to efforts to end 15 years of civil war, Reuters reports from Beirut.

Mr Jumblatt, minister of state and head of the Druze Progressive Socialist Party (PSP), told reporters that "for personal reasons I will stay away from the political scene for the time being."

## West German economy grows

THE west German economy grew by 4.6 per cent last year, the highest increase since 1976, writes Katherine Campbell in Frankfurt. Real GNP growth in 1989 was 3.9 per cent. The German economy was buoyed by the impetus from the new market in the east, as well as strong consumer demand in the west.

## Go-ahead for DHL deal

The European Commission has made an exception under its competition rules to allow the acquisition by Japan Airlines, Lufthansa and Nishino Iwai of a stake in DHL, the international courier company, writes Lucy Kellaway in Brussels. This follows assurances by the three companies that they will not discriminate against DHL's competitors.

## Greeks march through Athens

Thousands of Greeks yesterday joined a sombre protest march through Athens after four people died in a shop that caught fire, during a night of clashes between riot police and left-wingers which underlined growing political tension over a crisis in the state education system, writes Keith Hope in Athens.

## Albanian miners strike

A thousand Albanian coal-miners went on strike yesterday in support of opposition calls to postpone next month's elections and grant more time to organise, Reuters reports from Vienna.

## Record Chinese trade surplus

China had a record trade surplus of \$8.11bn (£4.2bn) in 1989, compared with a deficit of \$6.6bn in 1988, Reuters reports from Peking. Exports rose 18.1 per cent to a record \$52.07bn while imports fell 8.8 per cent to \$43.96bn.

## WORLD CAPITAL GROWTH FUND (SICAV)

Registered Office: 14, rue Léon Thyges,  
L-2636 Luxembourg,  
R.C. Luxembourg: B24 810

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of World Capital Growth Fund will be held at its registered office at 14, rue Léon Thyges, Luxembourg, on 29th January, 1991, at 11.00 a.m., for the purpose of considering and voting upon the following matters:

## Agenda

1. To accept the Directors' and Auditors' reports and to approve the financial statements for the year ended 30th September, 1990.
2. To declare a dividend for the year ended 30th September, 1990 of US\$0.10 per share as recommended by the Board, and to fix its date of payment.
3. To discharge the directors from their responsibilities for all actions taken within their mandate during the year ended 30th September, 1990.
4. a) To re-elect the co-optation of Mr. H. Kishinevsky as a Director;  
b) To elect Mr. C. J. Shaw as a Director;  
c) To re-elect the Directors holding office at present.
5. To decide on any other business which may properly come before the Meeting.

**Voting**  
Resolutions may be passed without a quorum, by a simple majority of the votes cast thereon at the Meeting.

## Voting Arrangements

Shareholders who cannot attend the meeting in person are invited to send duly completed and signed proxy form to the registered office of the fund to arrive no later than 22nd January, 1991. Proxy forms will be sent to registered shareholders with a copy of this Notice and can also be obtained from the registered office.

12th January, 1991

The Board of Directors

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**SVENSK**

Se FT, Lørdag: International Property.

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GROUP

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## The Royal Bank of Scotland Group plc

"Despite the difficult overall environment all of our principal operating divisions continued to trade profitably. Profit before tax after specific provisions for bad debts and after a recovery in respect of loans to countries in payment difficulties of £20.8 million amounted to £262.2 million compared with £228.2 million last year when we made provisions for LDC debt of £108.3 million. The downturn in the UK economy, which intensified rapidly as we went through the year, caused problems for a number of our customers. As a Group we have an ambitious and challenging vision for the mid-1990's and our new structure is designed to enable us to achieve it whatever economic problems and competitive strains lie ahead."

Sir Michael Herries, Chairman speaking at the AGM of The Royal Bank of Scotland Group in Edinburgh on Thursday 10 January 1991.

## HIGHLIGHTS FROM YEAR ENDED 30 SEPTEMBER, 1990

- Profit before taxation increased by 14.9% to £262.2 million.
- Annual dividend raised by 16.7%.
- Shareholders' funds increased by 6.9% to £1,508.4 million.
- Strong capital base. BIS ratio of 11.6%.
- LDC debt exposure reduced to £39.5 million (US \$74.1 million) against which there are provisions of £31.1 million (US \$58.3 million).
- Total assets rose 10 per cent to £30.1 billion.

## ANNUAL REPORT AND ACCOUNTS

For a copy of the annual report and accounts, please complete this form and send it to The Secretary, The Royal Bank of Scotland Group plc, 42 St. Andrew Square, Edinburgh EH2 2YE.

Name \_\_\_\_\_

Address \_\_\_\_\_

Post Code \_\_\_\_\_

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## INTERNATIONAL NEWS

## US Exim extends Soviet cover

The US Export-Import Bank has extended its guarantee and insurance to cover US exports to the Soviet Union, Reuter reports from Washington.

Its action followed President George Bush's waiver on curbs on aid to Moscow on January 4 and its own review of Soviet economic and political conditions.

Under current law, the bank has a limit of \$300m (£155.4m) on total use of loans to the Soviet Union and until the cap is lifted, the bank said it would limit each loan to \$50m.

## Angolan ceasefire 'signed this month'

Angolan rebel leader Jonas Savimbi said yesterday a ceasefire to end 15 years of civil war could be signed before the end of January, Reuter reports from Lisbon.

Mr Savimbi's National Union for the Total Independence of Angola (Unita) and the Angolan government (MPLA) are due to hold a sixth round of talks in Portugal this month.

Unita and the MPLA, which has operated a one-party system since the country won independence from Portugal in 1975, are agreed on introducing a multi-party system and market economy.

## Somalian aircraft failed to return

Two Italian Hercules C-130 military transport aircraft returned empty to Kenya yesterday evening after fighting prevented them from landing in Somalia's capital Mogadishu to evacuate dead, wounded and other foreigners still trapped in the war-torn city, reports Julian Owens from Nairobi.

The Italian government, the last western nation with a diplomatic presence in the city, has announced the closure of its embassy and the evacuation of 50 foreigners sheltering in its compound.

Fighting continued to rage yesterday between rebel groups and forces loyal to embattled President Mohamed Siad Barre.

## US takes action over EC curbs on meat imports

By Peter Riddell, US Editor, in Washington

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The EC ban affects \$13.5m (\$6.9m) worth of US prime beef, and \$100m of pork and pork offal.

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## GOVERNMENT RULING ON GCSE EXAMS

## Marks to be cut for poor spelling

By Norma Cohen, Education Correspondent

SCHOOL PUPILS who cannot spell properly will see the standard of spelling among young people, and I am anxious that everyone in the world of education should take serious steps to improve those standards.

He said special consideration should be given to those pupils with unusual difficulties, such as dyslexia.

The directive is counter to earlier advice from SEAC that it would not be feasible to introduce a consistent approach to the marking of spelling before summer 1991.

Furthermore, the examining boards that administer the GCSE exams had expressed scepticism about whether it was appropriate to penalise pupils sitting, say, a physics exam for spelling errors. The Oxford and Cambridge Examining Board,

which administers tests taken by pupils at many of the leading independent schools, said it did not believe spelling errors should be penalised except on English exams.

"We regard good spelling as a bonus. We wouldn't be breaking off points for those who can't spell," an official said.

Examining board officials have argued that the GCSE - taken by 15 and 16-year-olds - is the wrong place to get tough with pupils on spelling. It said difficulties with spelling must be caught far earlier in a pupil's academic career.

There is a "worrying shortage" of science teachers in the UK, according to a report published yesterday by the cross-party Commons select committee on education, science and arts. Members accused the government of not doing enough

to attract science teachers and of failing to halt the "brain drain" of science and engineering experts going abroad. They said more financial incentives were needed to make teaching an attractive career for people with good scientific qualifications.

"Urgent action needs to be taken to raise the profile of science in this country and to make people realise that science is an exciting and worthwhile activity."

MPs also called for a study into the extent and causes of the brain drain. "We believe that it is crucial... that we recruit and retain enough high-calibre scientists."

They also urged the government to provide cash to ensure that university laboratories matched those on the Continent.

One of the alleged IRA men gave an impassioned, two-hour speech to the court in which he drew comparisons between the IRA's mission and a French expedition launched more than 200 years ago which attempted to remove the British from Ireland. Both voyages had the same purpose he said - "the arming of the Irish people".

Among the witnesses for the defence was Mrs Bernadette McAliskey, who, as Bernadette Devlin, was once a Westminster MP.

She told the court about what was described as the oppression of the nationalist community in Northern Ireland and how, she said, Britain abused the law.

The maximum sentence the Correctional Court can give is 10 years' imprisonment. All five found on board the Eksund had been charged with transporting weapons of war in French waters and intent to disturb public order through terror or intimidation.

The French prosecuting counsel has called for seven-year sentences for the alleged IRA men, with lesser sentences for Mr Hopkins and Mr Henry Cairns, a Dublin bookseller and former IRA member.

The judges say that because of the complexity of the case, judgment will not be given until March 6. The IRA's campaign, well led by its weapons from Libya, will continue long after that date.

The ships from Libya reveal a lamentable breakdown in security. The IRA took considerable risks in landing such large arms consignments. Heavy lifting equipment would have been needed to unload the weapons and a number of trucks were probably involved in delivering the arms crates to bunkers north and south of the Irish border.

Until the chance discovery on board the Eksund, neither Irish or British intelligence had any apparent knowledge of the scale of the IRA's arms-smuggling operations.

Mr Hopkins said that Libyan naval ratings helped lead the arms in the military section of Tripoli harbour. Libyan diplomats, based in Malta, instigated the IRA and Tripoli.

Mr Hopkins says the IRA seemed to be on very good terms with the Libyans. It had even brought gifts for its Libyan contacts, which included a double bed, an albatross dog and a clock.

The three women judges who heard the case in the 24th Correctional Court of the Palais de Justice in Paris also heard other interesting testimony.

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## IRA and the Libyan connection

Kieran Cooke looks at the fascinating and frightening details revealed this week in the Eksund gun-smuggling trial

ON October 30 1987, French customs officials boarded a rusty, decrepit cargo ship, the Eksund, off the Brittany coast.

The French suspected a drug-running operation. Instead, they discovered enough arms to fight a small war - 150 tons of modern weaponry including Sam 7 missiles, rocket launchers, automatic rifles, machine guns and large quantities of the explosive Semtex.

The arms had come from Libya and were destined for the IRA. The French had stumbled on the IRA's biggest arms-smuggling operation.

For three days this week, those on board the Eksund, all Irish, have been on trial in a Paris court.

The details that emerged were fascinating and - to the security forces fighting the IRA - frightening.

Five men were involved in the Paris trial including three alleged members of the IRA. Mr Adrian Hopkins, the alleged skipper of the Eksund, was tried in his absence, having jumped bail last July and escaped to Ireland, where he is now in custody facing charges in connection with the Eksund case. The French have made no move to have him extradited.

Mr Hopkins is the former head of a travel company that went bankrupt in the early 1980s. He was not a member of the IRA but seems to have been co-opted into the gun-running operation through a mixture of adventurism and financial desperation.

The IRA had no shortage of funds: Mr Hopkins has said he was paid \$100,000 for one gun-running trip alone.

His statements to the French police, read to the Paris court, confirmed for the first time the extent of Libya's involvement in the arms-smuggling operation and its considerable contacts with the IRA.

Mr Hopkins told French police that before the Eksund's trip, he had captained four arms-smuggling voyages between Tripoli and the Irish coast. The total arms cargo landed at a remote pier south of Dublin and then transported to various arms dumps in the Republic of Ireland and Northern Ireland had been about 150 tons.

Those arms are now fuelling the IRA's campaign in Northern Ireland, on the British mainland, and on the continent. In spite of extensive searches on both sides of the Irish border, less than 10 tons from those Libyan arms shipments has so far been uncovered by the British and Irish security forces.



## UK NEWS

## Textile factory to close with loss of 600 jobs

By Alice Rawthorn

MORE THAN 600 jobs will be lost at Cudworth in South Yorkshire when Albert Martin Holdings closes its clothing factory there.

The Cudworth closure is the latest in a long series of cuts in the textile industry in the past year or so. The industry, beset by depressed domestic demand and weak export growth, has been ravaged by job losses and plant closures.

Mr Michael Kidd, chairman of Albert Martin, said the Cudworth factory had been making "significant losses for the past few years". The Martin board had decided to close it late last year after realising that the plant had "no prospect" of becoming viable again.

The factory, which employs 625 full-time and 186 part-time workers, will close in mid April. It manufactures underwear and leisurewear mainly for the UK, but about 25 per cent of its £10m turnover comes from exports to the Continent.

Mr Kidd said the factory had suffered from the combination of high interest rates and the strong pound. That had depressed domestic demand, imposed pressure on exports

and intensified competition from imports.

The competitive state of the textile industry led to a fall in Martin's interim profits from £708,000 to £454,000 in the six months to June 30. However, Mr Kidd said the results for the full financial year, due to be announced in April, should show an improvement on the downturn in 1989 and that the dividend should be "at least maintained".

This is the first significant round of redundancies at Albert Martin for 10 years. After the Cudworth closure it will employ slightly fewer than 4,400 people, mainly in Nottinghamshire, but it is expanding its overseas interests at production plants in Hong Kong, Mexico and Dubai.

The Surplines medical products plant at Livingston, West Lothian, is to close by the middle of next year with the loss of 350 jobs.

Johnson & Johnson, Surgi-

kos's parent company, is merging it with another subsidiary and concentrating production at plants at Gargrave, North Yorkshire, and Barby, Lancashire. The group will seek to find employees jobs elsewhere.

## Major opposed to Scottish assembly

By James Buxton, Scottish Correspondent

MR JOHN MAJOR, making his first prime ministerial visit to Scotland, yesterday declared his opposition to the idea of a devolved Scottish assembly. He said it would mean higher taxation and discourage inward investment.

Mr Major spent the day in Edinburgh on his official visit, and was advised by his press secretary, Lord Fraser, to become prime minister in November. He said he had not come to make a "great pronouncement" but "to listen to people and make up my mind about a whole series of issues".

He visited a factory and a school for the deaf, and met with business leaders and addressed a rally of the Scottish Conservative party.

Opinion polls show that a majority of Scots want a Scottish assembly but Mr Major said he would seek to persuade them that it was "not in the interests of the people of Scotland". Scots had to ask themselves: "Do you want it to such an extent that you will be the

most highly taxed part of the United Kingdom?"

A proposed assembly would have to have tax-raising powers if it was not to be a sham, he said. Scotland would lose the inward investment that had created so many jobs.

That is similar to the line taken by Mrs Thatcher, his predecessor, but was advanced without any of the stridency that made Mrs Thatcher such a hated figure in Scotland.

Mr Major said the abolition of the community charge, or poll tax, was "neither ruled in nor ruled out" in the government's review of the tax, which was introduced in Scotland before England and Wales.

The fortunes of the Scottish Conservative party were revisited in Scotland, he said - a reference to opinion polls that showed a jump of a few points in the party's opinion poll rating in Scotland to 24 per cent after he became prime minister. He intended to see them revive further.

## Financial adviser on bail was tied agent, GRE says

By John Authers

GUARDIAN Royal Exchange, the insurance company, confirmed yesterday that Mr John Steel, a financial adviser based in Coventry who is currently on police bail, was one of its tied agents.

A complaint against Mr Steel was made on November 29 to the Securities and Investments Board, it called in the West Midlands fraud squad on December 8. Mr Steel was arrested, but has not been charged.

A GRE official said: "Originally we hoped we were not involved, but it now appears to involve us quite heavily. We are now making an internal investigation."

Mr Steel worked as a tied agent for the company from April 1988 through to June 1990, when he resigned.

"with no hint of trouble". Crown Financial Management employed Mr Steel on its sales force from September 1982 until January 1984. Crown said: "We are looking into all the business we received from Mr Steel."

Twenty investors are known to be involved, and they are understood to have been contacted by Mr Steel's solicitor. Any other clients of Mr Steel have been urged to contact GRE or SIB.

About £400,000 of investors' money is thought to be involved. Investments made since the Financial Services Act came into force in April 1988 should be safe, although returns on investments may not be as much as clients had believed.

## Export credits statement

THE government is expected next week to make a statement on its controversial plans for the long-term project insurance business of the Export Credits Guarantee Department, writes Peter Montague.

Exporters have been increasingly worried that the plans will include a sharp increase in premiums and a reduction in cover. There was to have been a debate in the Commons on Tuesday on the privatisation of the short-term business, but it was postponed to make way for an emergency debate on the Gulf crisis.

The delay coincided with fresh indications of dwindling private-sector interest in bidding for the business.

cover. There was to have been a debate in the Commons on Tuesday on the privatisation of the short-term business, but it was postponed to make way for an emergency debate on the Gulf crisis.

The delay coincided with fresh indications of dwindling private-sector interest in bidding for the business.

## Council leaders call for debate

By Richard Evans

COUNCIL leaders are pressing Mr Michael Heseltine, environment secretary, for a debate about the future of local government as part of the promised review of the community charge, or poll tax.

The three main local-authority associations for England and Wales, representing county, district and metropolitan councils, yesterday sent their joint agenda for talks to Mr Heseltine. A meeting is expected by the end of this month.

After their first meeting with Mr Heseltine on December 17, council leaders expressed disappointment that he had decided to give a commitment that the poll tax would be abol-

ished. Instead, he said nothing would be ruled out of the talks and invited council leaders to submit their agenda.

It has been drafted in the widest terms and calls for "a definition of the constitutional position, role and value of local government", which should embrace a clear statement, agreed between central and local government, of the rights and responsibilities of elected councillors on local taxation, expenditure and service standards.

That would also include an examination of ways of enhancing the standing of local government and of encouraging more participation in local democratic institutions.

## Echo of '81 heard in pay pauses of '91

The return of wage freezes is a painful symptom of recession, writes John Gapper

THE OPENING of a new decade in pay bargaining has brought with it an uncanny return to the start of the last decade. For the first time since 1981, cases of companies imposing - and even agreeing - pauses and freezes in pay levels are starting to emerge in the most troubled sectors of the economy.

The pauses, including a six-month freeze for 800 workers represented by the TGWU general union at London Carriers International, are a symptom of how the recession is biting into pay bargaining habits.

They are also leading to intense pressure on bargaining structures and old pay relativities in the affected sectors - notably in road transport and distribution. A further fragmentation of the way pay is set is likely over the next year as a result of these tensions.

The pay pauses, as yet isolated occurrences, remain in contrast to the broad pattern of settlements across the economy. Although Barclays tried to impose a 5 per cent pay rise for its financial services sector with its initial pay offer of 7 per cent, many January deals have continued to fall between 9 per cent and 11 per cent.

There have been two exceptions so far. One is among foreign-owned companies that have severe financial difficulties on the Continent and in Britain. Philips, the Dutch-owned electronics group, has announced a four-month pay pause for 21,000 workers, and Michelin, the tyre maker, a three-month pause.

The second exception has been in road haulage and distribution, suffering badly from the business downturn. The economic climate has led to pay offers by some haulier groups as well as London Carriers freeze.

Those cases echo the past exactly. Ten years ago, Mich-



Stalled: London Carriers International, suffering badly from the downturn, has resorted to a six-month pay freeze

elin delayed pay talks for three months during the recession. By April 1981, the Incomes Data Services research group was reporting a four-month pay pause at British Steel, and British Airways was delaying white-collar pay talks.

A decade on, unions have publicly rejected the idea of bearing the brunt of sacrifice in the recession. Yet the immediacy of the troubles in some companies and sectors has brought a sympathetic response. Unions have accepted it as the alternative to job cuts and short-time working.

Mr Fred Howell, TGWU national secretary, says the freeze at London Carriers was necessary to allow the newly formed company to find its feet. "All the figures showed there was a serious problem there," he says, "A lot of distribution companies are going to the wall."

Unions have been more ambivalent in other cases. At Philips, unions are still consulting on whether to accept a pause. Unions at Michelin in Stoke-on-Trent, Staffs, were inclined to accept one, worried by short-time working for 700 of 1,500 manual workers there.

However, the chance discovery that 1,000 workers in Michelin's commercial division have been given a 9 per cent rise has led to some resentment - an example of the tensions that a pay pause can generate.

Such tensions can emerge in other ways. One is the fracturing effect on pay bargaining structures, as illustrated by the road haulage industry and Philips. In the Road Haulage Association, the last recession ended compulsion on member companies to comply with joint pay settlements.

Mr Rod Jenkins, the RHA's employment affairs manager,

says the last recession led to far more company-level bargaining in the worst-hit areas of the north. This time, he believes, a breakdown of joint deals may spread from the south because the recession is having the heaviest impact there.

Similarly, there are tensions among workers at plants in Philips' components division because all are being asked to accept a pause, although some plants are profitable. Mr Geoff Moorland, an area official of the ESTPU electricians' union, says workers at Washington, Tyne and Wear, are unhappy.

A second way in which tensions can break out has yet to be seen. It is in the size of settlements after pay freezes and pauses. The pent-up demand for more pay may be released in relatively high settlements in following years.

That effect was seen in several cases after 1981.

For those reasons, it is likely that pay pauses will be a last resort for companies in particular trouble. The greatest significance of their re-emergence may be that they are a symptom of a wider attempt by companies to pull away from their reliance on a pay "going rate".

The range of pay settlements in 1991 was far wider than it is today, in what was a more advanced stage of recession. They were falling between 5 and 15 per cent, evidence of a much stronger focus on what companies could afford. So far, the "going rate" of 1990 has remained fairly intact.

A bigger test for pay will be whether Barclays manages to achieve the below-inflation rise it signalled that it wanted for 75,000 staff on Thursday, and whether other banks follow. That would mean isolated pay pauses as the first painful symptom of a coming pay deflation.

## SOUTH WESTERN ELECTRICITY plc

## INTERIM RESULTS

The results for the half year are entirely as foreshadowed in the Prospectus and the Company remains soundly on track towards the achievement of its Prospectus profit and dividend forecast for the full year. There was a current cost loss before tax for the half year of £9.2 million (a profit of £3.7 million on an historical cost basis).

With a large proportion of the business deriving from domestic electricity sales, the seasonality of the financial performance is accentuated. However, I believe the predominantly domestic customer base makes the Company less vulnerable to economic fluctuations than in many other parts of the country and I look forward to our future with confidence.

William Nicol  
Chairman

Results for the six months ended 30 September 1990 were:-

	Current Cost (Unaudited) £m	Historical Cost (Unaudited) £m
TURNOVER	333.6	333.6
OPERATING (LOSS)/PROFIT	(9.5)	4.4
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(9.2)	3.7
Taxation	(0.4)	(0.4)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(9.6)	3.3
Extraordinary items	(1.5)	(1.5)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	(11.1)	1.8

## CHAIRMAN'S STATEMENT

The Distribution business was profitable for the half year and benefited from an increase in electricity unit throughput of 1.2% on the first six months of the previous year. 74% of total throughput represented sales via second tier licensees.

As predicted, the Supply business made a loss during the period. This was due primarily to the seasonality of its sales and the provisions of the electricity purchase contracts. The loss of sales by the Supply business to second tier licensees has not had a material impact on the profitability of the business.

Adverse market conditions for Appliance Retailing have inevitably affected sales but good progress has been made in streamlining this activity. A third superstore has been opened on the outskirts of Bristol and margins have also improved, illustrating the progress of our plans to restore the business to profitability.

In Generation, as indicated in the Prospectus, the Company is considering participation in a number of schemes, particularly the development of a 1725 megawatt combined cycle gas turbine facility on Teesside. South Western Electricity has an option to take a shareholding of approximately 7.7% in the joint venture.

Dividend and Prospects. As explained in the Prospectus, no interim dividend is proposed. The Directors expect to recommend the payment in October 1991 of a single (final) dividend for the year ending 31 March 1991 of 10.57 pence net per ordinary share (approximately £13.0 million in aggregate). In the absence of unforeseen circumstances, the Company is confident that it will achieve its full year profit and dividend forecast as outlined in the Prospectus.

## NOTES TO THE ACCOUNTS

1. Basis of Preparation The interim accounts, which are unaudited, for the six months ended 30 September 1990 have been prepared on the basis of the accounting policies set out in the Prospectus dated 21 November 1989 containing Listing Particulars of South Western Electricity plc and are consistent with the accounting policies adopted for the year ended 31 March 1990.

Results for the six months ended 30 September 1989 have not been presented. The Directors believe that comparison with this prior period would not be meaningful in view of changes during the current year in the commercial and contractual environment of the Company and in its capital structure and regulatory system. The financial information contained in this interim statement does not amount to full accounts within the meaning of Section 240 of the Companies Act 1985.

2. Investment Income Included within the (loss)/profit before taxation is £2.9 million in respect of the interim dividend (including associated tax credit) receivable from The National Grid Holding plc for the period ended 30 September 1990.

3. Interest Charge The (loss)/profit before tax is net of an interest charge for the period of £3.5 million. The charge reflects the borrowings put in place in order to operate within the new energy purchasing arrangements. The interest charges will be higher in the second half of the year because of the injection in October 1990 of £30 million by way of Government debt as part of the privatisation programme.

4. Taxation Taxation for the six months ended 30 September 1990 has been provided on the basis of the estimated effective tax rate for the year ending 31 March 1991.

5. Extraordinary Items Extraordinary items comprise privatisation costs incurred in the half year ended 30 September 1990.

6. Reconciliation of Current Cost Accounts (CCA) to Historical Cost Accounts (HCA) The Company's Distribution business is capital intensive; typically, its fixed assets represent more than 80% of the total CCA assets employed, with long average asset lives being reflected in the policy of depreciating them over 40 years. To base the depreciation charge on the original cost of these assets is therefore considered to overstate the real profitability of the Company so that the adjustment to HCA depreciation is the predominant reconciling difference between the CCA and HCA accounts as can be seen in the following statement.

	Current Cost	Historical Cost
CCA loss on ordinary activities before taxation		
Adjustments:		
Depreciation		11.4
Cost of sales		0.2
Monetary working capital		2.3
Gearing		(1.0)
HCA profit on ordinary activities before taxation		3.7
7. Pre Forms Earnings		
Pro forma loss on ordinary activities after taxation	Current Cost	Historical Cost
Pro forma loss per ordinary share	£(12.7)m (10.3)p	£(1.1)m (0.9)p
Pro forma loss per ordinary share has been calculated by dividing pro forma loss after taxation by 123.1 million ordinary shares in issue immediately following flotation as if they had been in issue since 1 April 1990.		
Pro forma loss on ordinary activities after taxation has been calculated by increasing the interest charge by £4.9 million (less £3.5 million tax credit) and, for current cost accounts only, increasing the gearing adjustment by £1.5 million on the basis that the new capital structure had been in place since 1 April 1990.		
Actual earnings per ordinary share have not been presented: the number of shares in issue during the six months ended 30 September 1990 and the actual losses for that period are not considered to be representative of the Company's position following implementation of the new capital structure.		

South Western Electricity plc, 800 Park Avenue, Aztec West, Almondsbury, Bristol BS12 4SE.



FT12

مكتبة الأصيل



## THE GULF CONFRONTATION

## FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
Telephone: 071-873 3000 Telex: 922188 Fax: 071-407 5700

Weekend January 12/January 13 1991

## Four days still to go

"THE LIBERATION of Kuwait without war would not be a 'Middle East Munich', but a great achievement of the new world order, and a basis from which to apply creative diplomacy, rather than violence to the Middle East's other problems."

This judgment is as valid now, four days before the United Nations deadline for the withdrawal of Iraq from Kuwait, as it was when it was written in an FT editorial five weeks ago. In the intervening period, much has happened, and nothing as definitive as the exchanges this week in Geneva between Mr James Baker, the US secretary of state, and Mr Tariq Aziz, his Iraqi counterpart.

But one factor has remained constant. War can only be avoided if President Saddam Hussein of Iraq decides to get out of Kuwait. If he does not know this by now, or if indeed he is ready to commit his country to a conflict he believes he will not lose, or for the wider purposes of Arab martyrdom, then war there must be. The evidence assembled on these pages suggests Iraq will indeed be defeated, but the consequences are incalculable and most of them bad, for the people of Iraq, for the region as a whole and for the general cause of a peaceful, law-abiding world.

It is difficult to see what else the United States and the remarkable coalition it has helped to assemble can do to persuade Saddam that he must give up Kuwait. Mr Baker said this week, not for the first time, that if Iraq withdraws it will not be attacked. While properly rejecting the specious Iraqi claim that Kuwait was invaded in order to further the cause of the Palestinians, the US has also consistently indicated a willingness to discuss anything and everything after Kuwait is free.

## Last-ditch effort

At the same time, President Bush and Mr Baker have never foreclosed other avenues of communication that might avoid war. Mr Javier Pérez de Cuellar, the UN secretary-general, arrived in Baghdad today for a last-ditch effort to make President Saddam face reality. He has no negotiating mandate, but he probably can offer additional assurances, or, for example, a UN peacekeeping force interposed between the armies of Iraq and the coalition after an Iraqi withdrawal.

If he cannot find the key, then there is no reason why the European Community, France, the Arab world, the president of Zambia and anyone else should not continue to try until the last possible

moment - maybe even beyond it - as long as the bottom line remains intact; that by mid-night on Tuesday Iraq must convincingly commit itself to leaving Kuwait.

If Iraq launches a pre-emptive strike of its own, on Saudi Arabia, into Jordan, or, most worryingly, on Israel, or if it has recourse to chemical, biological or even nuclear weapons, then both the political and military objectives of the US-led coalition will be subject to instantaneous revision. If, with diplomacy exhausted, the first strike comes from the allied forces then the question of objectives is easier to address.

Saddam Hussein must surely understand that an operation to liberate Kuwait will not be confined to the territory of that desecrated country. It would be impossible to hamstring the allied generals by restricting their military targets inside Iraq. So even if the person of Saddam Hussein is not a target, Iraq's air and missile bases will be. Only in one, possibly critical sense, should political considerations be allowed to intervene. It is devoutly to be hoped, for all the obvious reasons, that Israel is kept out of any conflict. Should Iraq fire missiles at Israel, it will be difficult to dissuade the Israelis from retaliation (the Shabamir government has already warned that it will fight back if attacked.) Yet given the alarming repercussions of Israeli involvement, every effort should still be made so to do.

## Real purpose

The US must also be satisfied that it has the Arab members of the coalition in full agreement on the objectives and scope of military action. This may be the real purpose of Mr Baker's current mission. The Arabs ranged against Iraq would prefer military action limited to the recovery of Kuwait but would be happy to see President Saddam go. They do not necessarily wish to see the Iraqi military wiped off the map as this would tip the strategic balance in the Middle East in favour of Israel and Iran. A military action resulting in the removal of Saddam is likely to lead to the destruction of his armed forces and the power structure of the Ba'ath Party.

The future of Iraq, with or without war, and any new Middle Eastern order, affecting all the inhabitants of the region, are great and serious subjects, but they are not going to be solved in the next four days. January 15 is not a deadline for the outbreak of war but it is a day after which it may happen. It is the responsibility of Saddam and it is in the interests of his country to prevent it.



THE generals are waiting for their time to come. From Tuesday, the UN deadline, barring an 11th-hour about-face by Iraq, military logic will begin to take over. It will then be mainly military arguments that will determine when the US and allies should attack Iraq and its forces in Kuwait. As President Bush has hinted, the offensive might not be immediate. This is not just a matter of how ready the latest western ground reinforcements are. The US and its allies can exploit a delay, keeping Iraq's commanders guessing, playing on their nerves, wearing down morale and making them use up supplies. But it would not be long. If there was an option to hold out, say, until the autumn, it has been closed. Neither the US nor Britain can realistically sustain their forces through the summer, nor rotate them with fresh troops. US units were being foreseen as replacements have been sent instead as reinforcements. The UK has virtually immobilised the British Army of the Rhine to provide its two brigades and divisional artillery, plundering equipment, spares and men from other units. If there is to be a war, the forces that are there now or in the process of arriving will be the ones which have to fight.

But a war with what aims and within what limits? Standard military teaching allows for no confusion:

"No-one starts a war - or rather, no-one in his right senses should do so - without being clear in his mind what he intends to achieve by that war and how he intends to conduct it." This is the 19th-century Prussian soldier and classic writer on strategy.

There has been a distinct effort in recent weeks to convey greater clarity about political objectives. To underline this, both the US and Britain have taken pains to spell out that Iraq will not be attacked. But beyond the agreed aim of re-establishing Kuwait there is an unwritten agenda on which consensus is less clear. This must surely for the US include not only the disabling of Iraq as a future military threat in the region but also the overthrow of Mr Saddam Hussein. President Bush will have invested so much of his reputation that it is hard to imagine otherwise.

On how far the war should be taken, and on what role western forces should have in the region thereafter, there is no agreement among Europeans, let alone between the US and all the members of the Saudi-Arab-Moslem coalition.

The problem is the immediate need to maintain cohesion among the allied forces and to avoid sapping the resolve of Arab governments.

In the US-led military build-up there has already been a progressive narrowing of objectives: first to deter Iraq from pushing on south and to defend Saudi Arabia and the smaller Gulf states, then to be able to recover Kuwait by a



counter-offensive and to destroy military facilities within Iraq. For Arab public opinion in areas such as North Africa, this is easily construed as confirming the idea of a US-led crusade against an Arab cause led by Mr Saddam. It has long been obvious that war would not be confined to Kuwait and its environs. Otherwise why would the RAF have stationed an enlarged squadron of Tornado bombers, equipped to carry out low-level attacks on airfields, at Tabuk in north-western Saudi Arabia, near enough to Jordan to have to carry out its training flights in the opposite direction, and closer to Baghdad than to Kuwait or Basra?

Attack aircraft from bases spread around the region and from six US aircraft carriers plus cruise missiles from warships are expected to be used against military installations anywhere in Iraq and against Iraqi efforts to reinforce troops in the Kuwait theatre. It would be foolish to predict quite how the conflict will develop - war has its own dynamic - or to second-guess allied plans. Iraq would be expected to be attacked, but the attacker always has the advantage of tactical surprise. Some suppositions can be made, however. Needing to bring the conflict to as rapid a conclusion as possible, US and other forces would try to keep up a round-the-clock

onslaught, exploiting their ability to fly and fight at night and their advantage in combat aircraft - probably three-to-one. Iraqi air defences would be a first target. Then waves of aircraft would be sent to put

air bases out of action, to destroy missile sites, ammunition stores, communications, and command posts. Then there might be a pause. Command of the skies would provide a crucial advantage in

launching a land assault. This would play on fast-moving manoeuvres. It could be done on several axes at once overland through the defensive barrier in southern Kuwait, around the defences to the

west, from the sea with marines supported by naval gunfire, and in the rear of Iraq's troop concentrations using aircraft, helicopters and paratroops.

But there are unknown factors in the hands of Mr Saddam. One is the kind of weapons he would employ. Most experts believe Iraq is a still a number of years from producing nuclear weapons. Mr John Simpson of Southampton University's Centre for International Policy Studies, a leading British authority, says that to make a bomb with the small amount of highly-enriched uranium Iraq already possesses would require technology beyond its grasp. But Iraq certainly does stockpile munitions with chemical agents, both blister and nerve gas, and is thought to possess outlawed biological weapons.

Iraq has also developed derivatives of Soviet SS-1 Scud-B missiles with mobile launchers, and recently tested one to a range of some 450 miles. Such a weapon could reach Riyadh from southern Iraq, or anywhere in Israel from Iraq's launching site in the west of the country. What is not known is whether Iraq has chemical warheads for these longer-range weapons and how effective they would be on the battlefield.

Contradictory signals have been sent about the possible

## Face-off in the Gulf:

## 'The Bear' calls the shots

NICKNAMED "The Bear" General Norman Schwarzkopf is the man charged with winning a future war against Iraq. A tall man with huge hands, "Stormin' Norman" heads US Central Command, which covers 19 countries in the Middle East, Africa and the Gulf. Since no Middle East country is willing to be Centcom's host, General Schwarzkopf's home is usually at MacDill Air Force Base in Tampa, Florida. General Schwarzkopf was dispatched in early August to assume day-to-day command of Operation Desert Shield in Saudi Arabia. His appointment signalled that General Colin Powell, chairman of the Joint Chiefs of Staff, wanted the US Army to assume a leading role in defending Saudi Arabia and, if necessary, in liberating Kuwait.

The 56-year-old general, who served two tours in Vietnam and commanded the 24th Mechanised Infantry, the army's elite tank division, was



asked recently about the length of a possible war.

"I can assure you that if we have to go to war," he said, "I am going to use every single thing that is available to me to bring as much destruction to the Iraqi forces as rapidly as I possibly can in the hopes of winning victory as quickly as possible."

General Schwarzkopf has

spent a good deal of time reading Arab literature about President Saddam Hussein, from his childhood to his ascent to power. "I think you come to the conclusion that this is an island of a man," he told the New York Times, "who is really both isolated and who has insulated himself from the entire rest of the world. I do think he is a megalomaniac."

So far, General Schwarzkopf, a native of New Jersey who graduated from the US Military Academy in 1956 and later earned a master's degree in missile engineering from the University of Southern California, has handled skillfully relations with Saudi Arabia, host to the multinational force. Having seen General Michael Dugan, the US Air Force chief of staff, sacked for loose talk, "The Bear" is treading softly. But there should be no doubt about who is ultimately calling the shots.

Lionel Barber

## Desert Shield is ready to reach its peak



WITHIN two to three weeks, Operation Desert Shield, the biggest deployment of US troops and supplies since the Vietnam War, will hit its peak.

Some 430,000 soldiers, airmen and sailors should be in place, supported by more than 900 warplanes, 1,300 tanks, 1,500 helicopters and 2,000 armoured personnel carriers. A naval task force including six aircraft carriers will be stationed in the Gulf region, as well as two hospital ships, each the size of three football fields.

The speed of deployment inevitably raises questions about combat readiness; at least one senior US commander in Saudi Arabia has questioned whether US ground forces will be prepared to move on to the offensive before early to mid-February. More broadly, defence experts, notably Mr Sam Nunn, chairman of the Senate Armed Services committee, have wondered aloud whether the US drive for military superiority has created its own momentum for war.

Without doubt, the US build-up in the Gulf will rank as one of the most ambitious in military history and in the 12 months from October 1990 will cost about \$30bn. This figure could escalate to \$1bn-\$2bn a day in the event of war. Saudi Arabia has been contributing about \$1bn a month direct to the US, and yesterday offered to meet 40-50 per cent of the total costs of any war.

On August 2, when Iraq invaded Kuwait, the US had little more than a six-ship flotilla in the region and no US troops on the ground in Saudi Arabia. One aircraft carrier, the USS Independence, with 130 jet fighters and bombers, was three days' steaming time away.

Despite much belligerent rhetoric, notably the promotion of a "surgical strike" against Iraq, the successful defence of Saudi Arabia, the

original goal of Operation Desert Shield, remained in doubt until early November. Overwhelming Iraqi superiority in terms of tanks, artillery and manpower left the nascent US force extremely vulnerable. General Colin Powell, chairman of the Joint Chiefs of Staff, has subsequently admitted.

Fortunately, President Saddam Hussein chose not to strike, and the Pentagon was left free to implement a sea-lift. By mid-December, some 3,300 pounds of dry cargo had landed in the Gulf region, supported by 6,200 pounds of petrol, oil and lubricants.

Perhaps the single most important factor speeding deployment were the nine moored cargo ships - "maritime pre-positioning ships" - stationed in the area. These converted container vessels had enough ammunition and material on board to support 33,000 marines. They were unloading by August 15.



A Bradley Fighting Vehicle lands

Ten similar vessels, carrying air force and navy gear, were discharging cargo just two days later.

More worrying were the weaknesses exposed in the US merchant marine: after the Military Sealift Command activated some of the 96 ships in the Ready Reserve Fleet, almost three in four of the original 40 ships called to duty could not meet their steaming deadlines. Equally troublesome was the reliance on foreign-owned vessels: of 123 ships chartered for Desert Shield use, some 104 are currently foreign-flagged (though these do not impose operational restrictions).

President Bush's decision virtually to double US forces in early November and give them an "offensive option" to liberate Kuwait put further strain on the supply chain. General William "Gus" Fegans, who heads the logistical co-ordination, has seen his staff grow from five in August to 16,000 - each responsible for "marrying" men (and women) with their equipment, so that they can undergo the two to three weeks' training needed before they are deemed "combat ready".

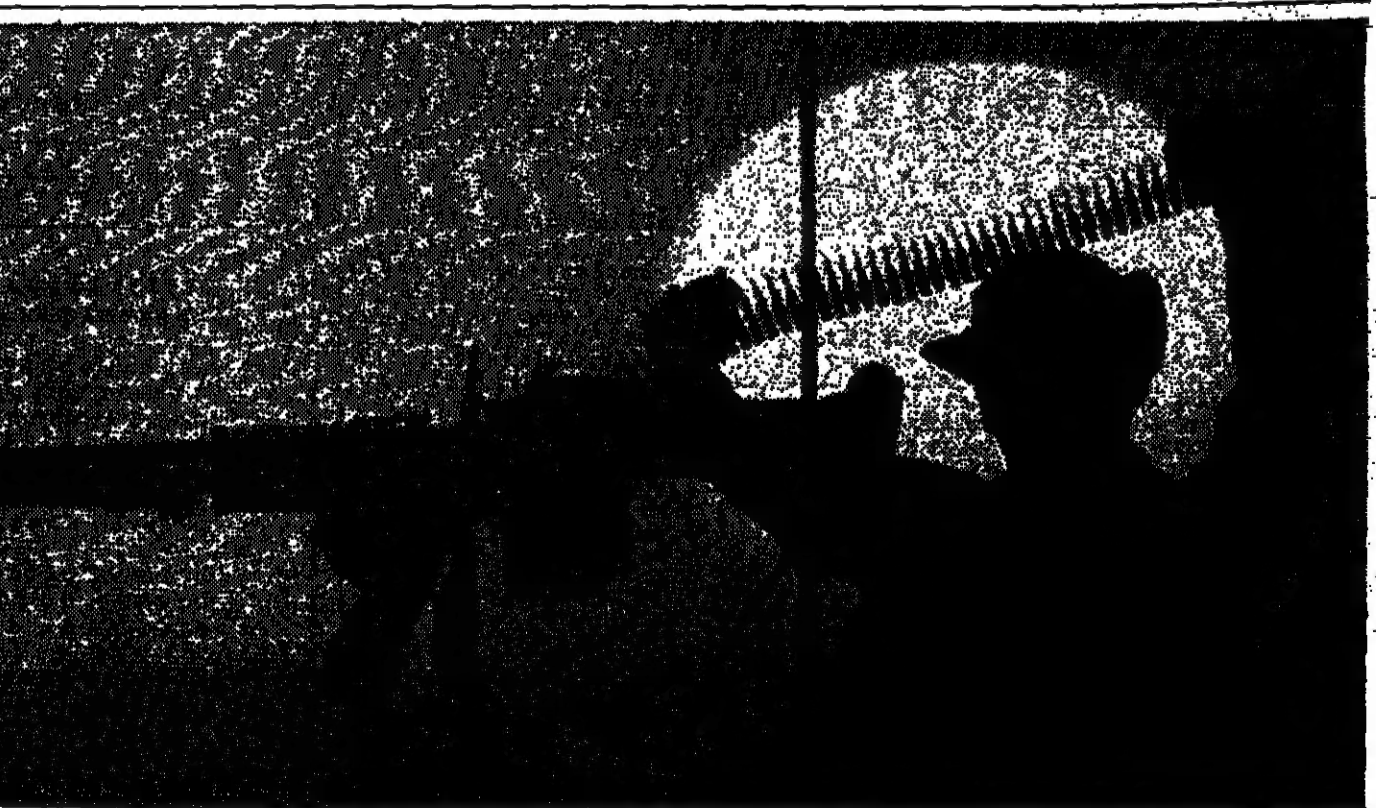
This extra 14 to 21 days is critical now that Operation Desert Shield is peaking. On average, more than 2,000 soldiers arrive - and will still be arriving at about January 15, the United Nations deadline for Iraq to pull out of Kuwait. Senior US commanders - notably Lt Gen Calvin Waller, a blunt army man from Louisiana - have made clear that January 15 is a political rather than a military deadline. Aerial strikes are, of course, possible; but the overwhelming preference in the light of logistical pressures seems to be to wait until early February for a ground offensive.

Except for food and water, the most critical supply need has been munitions. Although huge quantities of ammunition and artillery shells were "pre-positioned", military planners discovered at least two important shortages: "smart"

high-tech missiles such as the Hellfire and TOW II anti-tank weapons and heavy M1-A1 tanks to bolster the M1 and Sheridan tanks already in place. These needs have been met by plundering stocks in Europe and pulling the Army VII Corps out of Germany (a decision made easier by the decline in the Soviet threat).

The Pentagon has called up 147,000 part-time and reserve troops to active duty since the crisis began. Mr Dick Cheney, defence secretary, is shortly expected to seek extraordinary authority to extend their stay beyond the initial 180 days designated under the law, mainly because support units are involved in key areas such as water purification, medical back-up and construction.

Occasionally, evidence surfaces that the Pentagon has little room to manoeuvre. The Washington Times reported this week that the dispatch of a front-line medical unit with the Washington DC national guard had been delayed because 71 out of



Build-up in the Gulf: above, a guard loads ammunition into an M-60 machine gun; right, a US marine guards an anti-tank missile

roughly 180 members lacked training or readiness, causing two senior officers of the predominantly black unit to be relieved of duty.

These glitches do not appear to be widespread, but some defence department officials grudgingly admit that heavy casualties could have a severe effect on the logistical chain - should the Iraqis penetrate the US-led coalition lines. Another worry is that many of the new US weapons systems are unknown quantities when it comes to maintenance and supply requirements.

All this reinforces the impression that the US wants a short war. President Bush's vow that "this will not be another Vietnam" is therefore not so much a boast as an attempt to make a virtue out of necessity.

Lionel Barber



A Bradley Fighting Vehicle lands

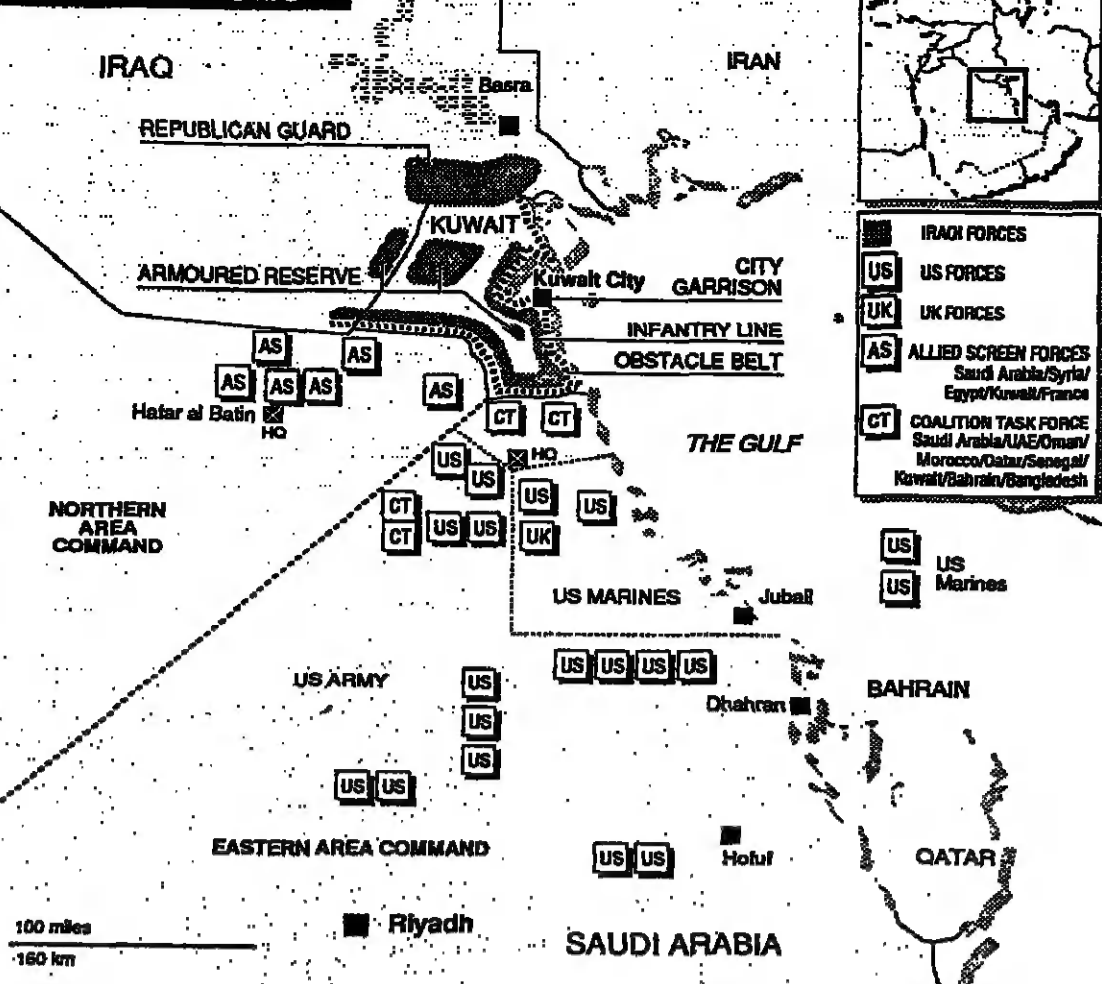
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## UN DEADLINE APPROACHES

<b>IRAQI GROUND FORCES IN AND AROUND KUWAIT</b>
590,000 troops
4,200 tanks
<b>ALLIED GROUND FORCES IN SAUDI ARABIA</b>
454,000 troops
3,675 tanks
948 attack helicopters
<i>Estimate includes reinforcements (figures exclude detachments now operating in Gulf Command Zone)</i>
<b>THIRD US ARMY - MAIN UNITS</b>
18th Corps
82nd Airborne Division
101st Airborne Division
24th Infantry Division (Mechanized)
57th Infantry Brigade
3rd Corps
11th Air Defense Artillery Brigade
1st Cavalry Division
3rd Armoured Cavalry Regiment
12th Combat Aviation Brigade
27th Aviation Regiment
<b>New deployments</b>
7th Corps
1st Armoured Division
2nd Armoured Division
3rd Armoured Division
2nd Armoured Cavalry Regiment
1st Infantry Division (Mechanized)
7th Corps Artillery
7th Corps Aviation Brigade
<b>US MARINES</b>
1st Marine Division
At sea: 4th Marine Expeditionary Brigade
<b>New deployments</b>
2nd Marine Division
At sea: 5th Marine Expeditionary Brigade
<b>BRITISH ARMY</b>
1st Armoured Division
7th Armoured Brigade
<b>New deployments</b>
4th Brigade

## LAND FORCES



## the military equation

Continued from previous page

response. Mr John Major, the British prime minister, has now said that retaliation would stop short of nuclear arms, and US officials have made similar comments. This may have been aimed at dampening domestic protest against the launching of war. Up to now speculation about use of tactical nuclear arms has been allowed to grow, to deter Iraq from contemplating the use of its chemical or biological weapons.

But a nuclear response by the US is virtually inconceivable. Once that taboo was broken, other countries would feel justified in their efforts to obtain a nuclear capability for their own protection. It would mean, in effect, jettisoning the achievements of the Nuclear Non-Proliferation Treaty.

Retaliation in kind with chemical arms would also be contrary to all Washington's political aims, wasting efforts to establish a global prohibition. Unlike Britain, the US has chemical weapons stocks - kept as an answer to that form of attack - but may not have deployed them in the Gulf, according to defence analysts.

However, western forces have other weapons in their armoury that could match the language of "devastating" and "massive" retaliation. These include new fuel-air munitions, which work by dispersing a cloud of fuel vapour and then exploding it. The results, says

one military expert, "could be pretty bloody horrific."

High on the shorter-term list of imperatives is what happens if Iraq makes good its threat to attack Israel and lever the US-Arab coalition apart. There have been worries that Saddam might do this before any allied offensive was organised against him. Mr David Bolton, director of the Royal United Services Institute for Defence Studies, believes it is probably too late for him to play this wild card, and questions whether Iraqi missiles, with small payloads, would be effective enough. "They are just as likely to fall in the sea or in the desert as they are on Tel Aviv," he says. Despite the rhetoric, he says that Israel might hold back from immediate retaliation under Washington's persuasion. A pre-emptive attack on Israel would in any case probably be sufficient to trigger a US offensive.

But it would also cause severe political problems for the alliance's Arab members from outside the Gulf. Neither President Hafez al-Assad of Syria, nor President Hosni Mubarak of Egypt, nor King Hassan of Morocco would relish committing their troops to a war in which they fought on the same side as Israel; nor would US commanders be happy about relying on hesitant or hostile Arab soldiers. It is therefore assumed that most of the non-Gulf Arab forces will stay in defensive positions.

There is too the possibility of another front, with some concern about the security of the Saudi border with Yemen. Even without these uncertainties, it remains to be seen how smoothly allied operations would work in the event. Command and control arrangements, especially for ground forces, continue to raise questions even after months of discussions. Delicate problems of political appearances - such as where French forces fit in - have had to be catered for.

Li Gen Sir Peter de la Billière, the dry, quietly-spoken British commander in the region, had early experience of multinational operations in Korea and has no time for ambiguity. "If there is a war, we have got to have one person issuing orders."

A structure has been worked out for consultation with the Saudis on the broader issues. According to this formulation, everything comes under "the strategic direction of the Custodian of the Two Holy Mosques" - that is, King Fahd, represented by his nephew Lt Gen Prince Khalid bin Sultan, the Saudi military commander. But operational decision-making, "the fighting part", would be devolved to Gen Norman Schwarzkopf, commander of US Gulf forces.

For Britain this arrangement is clear enough. The other countries are considered to have signed up to the same plan.

## UNITED NATIONS RESOLUTIONS

Security Council Resolution 660, August 2 1990:

The Security Council... demands that Iraq withdraw immediately and unconditionally all its forces to the positions in which they were located on August 1 1990.

UN Security Council Resolution 678, November 29 1990:

The Security Council... acting under Chapter VII of the Charter of the United Nations;

1 Demands that Iraq comply fully with Resolution 660 (1990) and all subsequent relevant resolutions...

2 Authorises member states co-operating with the government of Kuwait, unless Iraq on or before January 15 1991 fully implements... the foregoing resolutions, to use all necessary means to uphold and implement Security Council Resolution 660...

3 Requests all states to provide appropriate support for the actions taken in pursuance of paragraph 2...

## Saddam's barrier in the sand

IF NOTHING else, Iraq's army won a reputation in its eight years of fruitless war with Iran for doggedness when defending.

In Kuwait, and stretching out some miles to the west behind the Iraq-Saudi border, it has dug itself into defensive positions. Its troops nearest the front are infantry with a few tanks and armoured vehicles and very little mobility. Along the front line, sometimes a mile behind the border, sometimes six miles, sand has been bulldozed into mounds as a first barrier and a screen. They cover about half the front. Behind these are deep trenches ready to be filled with burning crude oil, then minefields and other obstacles; and behind them the infantry divisions with anti-tank and artillery positions.

There are no such fixed barriers on the "southern" side of the border, although the forces were ranged there in the first instance to defend against the threat of an Iraqi drive towards the Saudi oilfields. Western military commanders regard Iraqi defensive tactics as the doctrine of a past era. For several months, their armoured and engineering units have been practising how to break through the barriers.

The Iraqi strategy in preparing and constantly strengthening these elaborate defences behind the border and along the coast, right down to the beaches, is seen as being in the first instance to deter and then to delay any assault. But the recent redeployment of some armoured units suggests that Iraq is also bolstering its capability for counter-attack. The combination of obstacle line and counter-attacks is again based on Iraqi practice in the war with Iran, which the Iraqis exploited more successfully in the later stages.

Iraq is said to have some 590,000 troops, of uneven quality, in and around Kuwait. About 60,000 are reckoned to have arrived in the last two weeks. As a yardstick, the forces Iraq massed on the border of Kuwait to carry out the invasion in August numbered about 100,000 - seven divisions compared with 36 or 37 now in the region.

The troops have mostly been moved away from the southern sector of the Iraq-Iran border. Baghdad has avoided

## Saddam's barrier in the sand

drawing heavily on its strength in the north near the borders with Syria and Turkey.

Some 22 divisions are crammed into Kuwait itself: about 350,000 men. The elite Republican Guard, which carried out the invasion and which possesses the most up-to-date equipment, has mostly been reassembled in positions straddling the northern Iraq-Kuwait border, ready to redeploy. As in the Iran-Iraq war it is kept as a strategic reserve. But some units are understood to have been moved to join armoured formations further south.

Many of these troops have recent battle experience from the 1980-88 war with Iran - something that very few of their opponents have. They also have a numerical edge on the ground, but their opponents do not see that as a determining factor. They are counting on surprise and mobility - the factors that

gave Israel the advantage in all of its wars - and on air superiority. The Iraqi army may have experience, but not in a hostile air environment or against a fast-moving enemy.

Iraq has perhaps 700 combat aircraft, but not all are reckoned to be operational, and the quality of aircraft and aircrew is mixed. It has squadrons of some of the most sophisticated Soviet fighters and ground-attack aircraft - MiG-29s and Su-24s - and well-trained pilots on its French-supplied Mirages. But its air force was very conservatively used in the conflict with Iran and is considered far from a match for the overwhelming assembly of air power ranged against it.

However, Iraq has a strong air defence network with Soviet and French surface-to-air missiles - and Kuwait's US-made Hawk missiles, if the Iraqis manage to use them - which

## High noon for US high tech

SHORTLY after President Bush ordered the virtual doubling of US forces in the Gulf, Gen Powell, chairman of the Joint Chiefs of Staff, offered a glimpse of how the US would fight a desert war against Iraq.

In testimony to the House Armed Services committee on December 14, Gen Powell said he wanted to avoid the impression that the US would adopt "a cannon fodder strategy", mindlessly confronting Iraqi strengths.

"Nothing could be further from the truth. To us, every American life is precious," he said. "We will use our technological advantages in ways seen and unseen that the Iraqi Army never really dreamed of."

Gen Powell's comments underline the US military's absolute faith in technology, not just as a guarantee of victory over Iraq but as the means to ensure minimum casualties in a short, if bloody, conflict. Is this confidence misplaced?

No one should doubt the awesome firepower the Pentagon has assembled in the Gulf. But recent military engagements demonstrate that human error as well as unforeseen technological flaws can make a mockery of the best-laid plans.

When President Reagan dispatched US warplanes from the UK and from aircraft carriers to bomb the Tripoli and Benghazi areas in 1986, the long-distance mission was widely deemed a success because it intimidated Col Muammar Gaddafi at little cost to American lives. Yet the accuracy of the F-111 bombers and their laser-guided munitions fell short of the Pentagon's expectations. One F-111 was lost, seven were forced to turn back, and two failed to drop their bombs. They may even have missed their target: the Libyan leader himself.

In 1988, the US Navy's much-touted electronic Aegis combat system shot down an Iranian civilian aircraft with 290 people on board, mistakenly identifying the approaching Airbus as a hostile F-14 fighter. Aegis, which is designed for tracking sophisticated Soviet aircraft, was simply not suited to the crowded Strait of Hormuz.

Other examples of "stone-age" piecemeal use of "high-tech" include the F-117A's mixed performance in Panama and the failure of the USS Stark in 1987 to identify and defend itself against an Exocet missile fired by an Iraqi pilot in the Gulf war (a supposed mistake for which Baghdad later paid \$25m compensation).

"It is easy to get carried away with high technology," says Mr Seth Carus, an analyst at the Washington Institute for Near East Policy. "However much benefit you get, it's still not always that easy to use it."

Some caution is justified, if only because much US weaponry remains untested in combat and unproven in the desert. Yet the US armed forces, gearing up for their first protracted military engagement since the Vietnam war, have not hesitated to put on trial some of the most exotic equipment in their arsenal.

Among the most eye-catching weaponry: a laser-guided artillery round costing \$30,000 a shot, "stealthy" aircraft such as the F-117A designed to avoid detection by radar; the helicopter-borne Hellfire anti-tank missile as well as the Phoenix air-to-air missile and deadly fuel air explosives (a high-density aerosol combination that can detonate with the force of a small nuclear bomb).

"The Iraqis do not really understand the destructiveness of modern conventional warfare," says Dr Loren Thompson, deputy director of national security studies at

## Caution is justified if only because much of the US weaponry remains unproven in the desert

Georgetown University. One weapon never yet used is the Multiple Launch Rocket System (MLRS) fielded by the US and British armies - although the UK was not due to have it fully in service until later this year. This has two pods of six rockets each, fired individually or in a ripple to a range of about 20 miles, each containing 644 fragmentation bomblets.

It is clear that the US Army, Navy, Marines and Air Force can muster ferocious technological power which should exploit acknowledged strengths: vastly superior night-fighting capability; superior intelligence-gathering and electronic warfare skills; a force that is almost entirely mobile; and virtually certain supremacy in the air and at sea.

The intelligence-gathering capability is particularly impressive. The US can draw on a steady stream of information about the disposition of Iraqi forces, using space satellites with five-metre resolution pictures. US Navy drones with high-definition cameras in their bellies, as well as the

fighter-bombers to target the Iraqi Air Force's command and control network. This would deny Iraqi pilots radio contact with ground controllers tracking US warplanes, giving the Americans near instant control in the air.

Scores of F-111s and Navy A-6 Intruder bombers would then carpet-bomb Iraqi installations, using earth penetrators with delay fuses that detonate periodically after the raid has finished. Other sophisticated munitions include bombs that can crater runways and root out planes and tanks hidden in bunker-style shelters. British Tornado GR1s with JP233 weapons, containing 30 bomblets for damaging airstrips and 215 more to prevent their repair, would also be used.

Flying in support of US and British bombers would be dozens of USAF F-15 and F-16 fighters, guided by A-10s aircraft, as well as US Navy F-14 Tomcats and F-18 Hornets.

Unlike the dogfights of the past, where pilots used to "lock on" behind an enemy jet to catch the heat signals from engines, the latest Sidewinder missiles can attack from all angles at a range of 10 miles. The Sparrow, guided by radar rather than infra-red sensors, has a range of more than 30 miles and can also attack from any angle.

Mr Edward Luttwak, a military strategist at the Centre for Strategic and International Studies in Washington, predicts "tens of thousands" of sorties over a three-week period aimed at cutting off Iraq from Kuwait. "The key point is interdiction," says Mr Luttwak, who a campaign to sever all supplies and contact between Iraq and its 500,000 troops in and around Kuwait.

This kind of battering should smash the resistance of even the most resilient of foes. But no one, not even the coolly confident Gen Powell, is willing to predict an early Iraqi surrender. At some point, the US Army would have to enter the fray, whereupon US infantrymen would have to rely on the rifle and bayonet as much as laser-guided bombs to overwhelm the enemy.

The battle would then revert, at least temporarily, to an age-old test of morale, training and will-power. This is a sobering thought for those in Washington who sometimes sound as though technology alone will get the job done and play down the possible casualties of war.

Lionel Barber

US MILITARY TECHNOLOGY

F-117A Stealth fighter

Multiple Launch Rocket System

F-16 fighter

US MILITARY TECHNOLOGY

F-16 fighter

US MILITARY TECHNOLOGY

F-16 fighter

US MILITARY TECHNOLOGY

F-16 fighter

US MILITARY TECHNOLOGY

F-16 fighter



## UK COMPANY NEWS

## Parts of Davy up for sale as contract losses hit

By Charles Leadbeater, Industrial Editor

DAVY, the engineering group involved in talks with several international companies over the sale of parts of its business, after running into costly losses on a number of contracts which last year forced it to make extraordinary provisions of £45m.

The restructuring, through the possible disposal of several of Davy's weaker divisions is expected to be completed within the next few weeks. It is expected to leave Davy concentrated on its core metals engineering business, which supplies the gold, copper and steel industries.

In addition it is likely to retain its Monk construction division and parts of its process engineering division. These divisions account for the lion's share of Davy's activity. About 35 per cent of turnover last year came from metals engineering, 31 per cent from process engineering and

about 20 per cent from construction.

The disposals are almost certain to include the remnants of Davy's troubled offshore contracting business, its crane manufacturing operations and its business services division, which had a combined turnover of more than £200m last year.

Mr Patrick McTigue, the company's chief executive, confirmed that the group was in discussion with a "number of major companies concerning the possible sale of some parts of the business." None of the discussions had reached a point where a precise offer had been made and despite persistent rumours none of the talks involved the possible sale of the group as a whole Mr McTigue said.

Sir Alastair Frame, the company's chairman, indicated the company planned disposals after last November it reported

a 24 per cent fall in pre-tax profits to £5.52m in the six months to September 30 last year. The group also made an extraordinary loss provision of £45m to cover losses on a series of problem contracts.

It was initially thought the restructuring would be confined to the company's troubled offshore operations which were responsible for a disastrous £130m oil rig contract which is about six months overdue. The rig for the Emerald field east of Shetland is not expected to be delivered until next month.

Davy is thought to be close to a negotiated settlement with Exxon over a nine month overrun on a £100m contract at Britain's largest oil refinery at Fawley, near Southampton. It is working with British Steel over a contract to install a new mill at its beam works on the Isle of Wight which is thought to be £10m over budget.

## Bank of Ireland to cut staff in UK by 320

By Kieran Cooke in Dublin

BANK OF IRELAND, the republic's second biggest banking institution, has announced it is radically to cut back on its credit finance operations in the UK.

British Credit Trust, its finance house in the UK with present business of £300m, is to reduce staffing levels at its 33 branches from 440 to 120 employees within the next three months.

In November Bank of Ireland announced that its pre-tax profits had fallen sharply - from £293.5m to £15.8m in the six months to September 1990. At that time Bank of Ireland said it was actively pursuing discussions relating to the disposal of BCT.

However the bank now says that these discussions have now ended "without agreement with any party".

Bank of Ireland says that its instalment credit book will be run down from the end of this month.

"The decision has been taken in the light of the group's view that acceptable returns cannot be achieved in the instalment credit business in the UK due to general market deterioration, substantial market over-capacity and margins which have fallen to uneconomic levels."

The failure to sell BCT is another blow to the fortunes of Bank of Ireland. In the first half of 1990 the bank made a loss in its UK operations of £12.5m, compared with a profit of £19.5m.

But Bank of Ireland faces its most serious problems in the troubled US banking sector. In mid-1988 the bank spent £223m to buy First New Hampshire Bank, the largest banking company in New Hampshire.

In the first half of 1990 First New Hampshire suffered a pre-tax loss of £50.5m (profit of \$11.3m).

Bank of Ireland said that an anticipated loss arising from the original proposed sale of BCT had been fully provided for in last year's first-half accounts.

## When an express becomes a runaway

Richard Gourlay on Jo Malins' record of success and failure at Telford

WILLIAM COOK is supporting its £40m hostile bid for Telford with the argument that the Leeds-based group has made a series of disastrous investments away from its core railway rolling stock business.

It is somewhat ironic therefore that those parts of Telford which caught the Sheffield founder company's eye were in fact the product of successful speculative investments away from the original core business of metal working.

The first prize is Hunslet Transportation Projects, a speculative investment set up in 1989 with a team of designers who built Metro-Cammel and last year won an initial £81m order from British Rail for new rolling stock.

When the first 37 trains are delivered from 1992, Telford's turnover could more than double from its current level - as reported at the June interim stage as £33.7m - and more orders are already being discussed with BR.

"Hunslet TPL initially was a speculation and we did not know they would ever get an order," says Mr Stephen Cockburn, chairman of Telford. "We thought British Rail wanted a third contractor other than ABB (through Brel) and GEC Alsthom."

When others eschewed investing in rail Telford believed there was a good future in the replacement of old stock for BR and in the refurbishment of London Underground. More recently it has seen opportunities developing in eastern Europe.

A second attraction is its 51 per cent holding in Ganz-Hunslet, a Budapest joint venture set up in 1989 to supply rolling stock to the Hungarian government.

Telford paid £2m for the business and then put the investment into an Austrian vehicle, Telford AG, 25 per cent of which it sold on the Vienna stock exchange last year. This company now has free cash of about £8m, according to the architect of the deal, Mr Jo Malins, who

resigned as chief executive in November after a boardroom disagreement.

Mr Malins says that when he left, Ganz-Hunslet was on target for £26m sales in 1990 and £26m profits - which are tax-exempt for five years. The deal was being set up before the collapse of communism and involved Telford "writing the law to allow us to own property," says Mr Cockburn.

These developments into rolling stock manufacture moved the group a long way from its roots but set it on a far faster track. Pre-tax profits grew to £5.8m in 1989 and the order book swelled to £125m.

Five years ago Telford was a small "metal basher", with

his resignation.

The first was a one-third stake in Euromagics, a venture with Mr Richard Branson's Virgin Group, which made magnetic computer storage tapes. Mr Malins says that although the companies' marketing and manufacturing arms made sense, Virgin's stores never sold any of its product as planned.

Last month, Telford sold its stake to Virgin, which still believes in the business but over a five year period. Early this month Telford announced it had increased to £4m its provisions covering the Euromagics investment.

At the same time Telford

owned 20 per cent of CDS

and an option to buy Telford

stake which it did not exercise.

A management team from CDS set up Nelson Asset Management in Bermuda to run the company, into which Telford and Polly Peck injected their stakes. Telford has loan assets totalling \$4.4m against which it made provisions of £2m in 1989 covering a write-down to the then market value.

Telford also made a speculative investment in a consortium in land at Filly, near Scarborough in Yorkshire, for which it is liable for more than £7m should its guarantee be called.

One reason believed to lie behind the delayed year-end is



Clickety click: Ganz-Hunslet Electric's multiple unit four-car train for the Hungarian state railway

1988 sales of £7.5m, says Mr Cockburn. It made non-ferrous alloys and zinc wire and had a division that sold and operated metal spraying equipment.

Then in 1987 Telford doubled its net assets with the purchase of Hunslet, which already had orders from British Coal and contracts to supply locomotives to Transmanche Link, the consortium building the Channel Tunnel. Under the Telford management, more than 70 engines were supplied to TML.

Quater Hall, which makes lift-shaft machinery for mines, was successfully added in 1988. But there were other "disastrous investments" referred to by Cook, which led sections of the City to suspect the board could not control Mr Malins and ultimately led to

increased by £1.6m a £7.1m "interim assessment" of provisions against investments and contingent liabilities which it made last November after guarantees relating to Euromagics were called.

This eroded distributable reserves, forcing Telford to defer payment of dividends on preference shares early this year.

Telford has a positive cash position following a £13.8m rights issue last July but it has postponed its year-end by three months to March in order to clear up its balance sheet.

Another investment, against which provisions have subsequently been made, was an 18 per cent stake in US-based Corporate Data Services, an integrated paper company. Polly Peck, the fruit to electronics group now under administra-

the difficulty in establishing whether the various investments that turned sour have been adequately or over-provided for. This must be decided within a month if Telford is to conduct a strong defence against the Cook bid.

Ultimately the success of that defence, which unusually Baring Brothers, its adviser, is developing from an independent financial review with Telford's auditors, will depend on how investors weigh Mr Malins' railway investments against his forays along the providential tracks.

As one fund manager said, Telford does not need Mr Malins' presence to continue benefiting from his successes; the board, however, is still living with the consequences of his mistakes.

## Future of Norton bikes at risk

By Jane Fuller

THE FUTURE of the Norton motorcycle, a famous old name of the shrunken British industry, is once again at risk as the changing board reviews the group's activities.

Norton's troubles came to a head this week with the launching of a Department of Trade and Industry investigation into its affairs and the sticky conclusion of a £6.5m rights issue.

After the resignation of Mr Philippe Le Roux as Norton Group's chief executive, the post has been taken up by its non-executive chairman, Mr James Tildesley, who is less committed to the motorcycle business.

Even before Mr Le Roux's resignation for failing to pay his agent £195,000 owed for rights issue shares, the board had cut the Norton Motors' workforce from 105 to 80.

The group's advisers said Norton was conducting a more fundamental review of its

activities, including whether to continue with the loss-making motorcycle business.

Norton also recognised that it had to strengthen its board, which is left with only three members: Mr Tildesley, Mr David Goodie, finance director, and Mr Norman Minty, a non-executive who was connected with the eponymous listed company that Norton reversed into in 1989. Mr Minty had just departed on a six-week holiday in Australia.

Mr Tildesley, who lives in Spain and joined the Norton board in 1988, has been diverted suddenly into the chief executive's post. He had assumed that his main role would be to run Norton's new Channel subsidiary, a finance maker called FUS Beteiligungs und Verwaltungen.

That £8.2m acquisition, although approved by a majority of shareholders, has stirred up controversy. Roybridge, the vendor, was part of a Channel Islands trust company set up

to benefit Mr Tildesley's three adult children.

Norton shareholders did not discover until last October that Roybridge had bought FUS in 1989 with the help of an interest-free loan of nearly £3m from Norton. The Stock Exchange told the directors last November that they should have informed shareholders of the loan.

Mr Richard Templeton, a director of Robert Fleming, Norton's merchant bank, said the cash for Norton to buy FUS was supposed to have come from selling the assets of Minty. But the £12m expected from the sale of London property failed to materialise. The eventual sale proceeds only amounted to £5m and the shortfall necessitated the rights issue.

TC Coombs, the issue's underwriter, yesterday announced that it held the rights to 19 per cent of the group's equity. The beneficial owner was Manstorm.

## Fayed brothers slightly reduce Sears stake

By Maggie Urry

The Fayed brothers, who own the House of Fraser department store chain, have slightly reduced their stake in Sears, the retail group. However, House of Fraser said yesterday that the Sears stake remained a long-term investment in an "asset-rich company".

The Alifayed Investment and Trust, a Lichtenstein-based trust handling the personal shareholdings of the Fayed brothers, sold 6.5m of its 8.5m Sears shares over three dates last November, when the share price was around 85p, probably raising around £5.5m. The shares sold represent less than 0.5 per cent of Sears' share capital.

Sears said that the Fayed's holding was now 10.6 per cent. House of Fraser invested in Sears in 1987, partly by buying an 8.2 per cent stake from Mr Robert Holmes & Court's Bell Group.

## PA Consulting pays \$3.3m for US consultancy

By Simon Holberton

PA Consulting Group, one of Britain's biggest general management consultancies, yesterday said it had acquired Fugh-Roberts Associates, a US corporate strategy consultancy, for \$3.3m (£1.7m).

The acquisition will give PA a significant boost in strategy consultancy - a segment of the consultancy market which is regarded as lucrative. It represents PA's second attempt to get into this area after its partnership with the LSK consultancy of the UK was dissolved in 1987.

Fugh-Roberts, with annual revenues of \$35m, advises large companies in the US on business strategy, technology strategy and planning, market analysis, research and development, organisation design and programme management.

Mr John Foden, PA's chairman and chief executive, said the acquisition was a positive step in the company's plan to increase its presence in the US.

## Daily Mail group profit falls sharply to £44m

By Michio Nakamoto

DAILY MAIL and General Trust, the Daily Mail, Mail on Sunday and Evening Standard UK newspaper group, yesterday reported pre-tax profits sharply reduced from £113m to £44m in the year to September 30. Turnover was up from £592.4m to £643.5m.

A final dividend of 53p (70p) per share is proposed to make a total up from 100p to 110p.

The group suffered last year with the rest of the newspaper industry from a steep fall in advertising revenue which gathered pace towards the latter half of the year as the UK recession deepened.

Mr Peter Williams, finance director, said the pre-tax profit figure could not realistically be compared with the 1989 figure, which had been boosted substantially by exceptional profits resulting from a number of asset disposals.

Profit before exceptional items and taxation at £50.3m, however, was in line with expectations and only slightly

down from the £53m reported in 1989.

Exceptional items included redundancy costs of £19.9m. The company saw a moderate rise in trading profit from newspapers and magazines to £65.5m from a previous £60.4m.

The Evening Standard and the company's provincial papers continued to suffer from a fall in classified advertisements. Overall advertising revenue became increasingly tricky as the year progressed but DMGT was helped as its major titles are market leaders and circulation revenues held up well.

While the group was still very heavily in debt, over half consisted of Eurobond issues convertible into Reuters shares, which were at very attractive rates of interest, Mr Williams said.

The deteriorating outlook for advertising revenues meant that "it is going to be a very difficult year," he said.

See Lex

## Wiggins Teape selling Soporcel stake for £126m

By John Thornhill

WIGGINS TEAPE Appleton, the Anglo-French paper company, is selling its 42.9 per cent stake in Soporcel, the Portuguese pulp mill, for £126m.

The buyer is Stora, the Swedish paper company, which has been expanding in continental Europe in recent years and already owns significant pulp interests in Portugal through its Celbi subsidiary.

WTA, which completed a merger agreement with Arjomari Prioux, the French paper maker, at the end of last year, announced that its holding in Soporcel was for sale last September.

At that time, analysts believed the stake might fetch about £150m. Since then, however, pulp prices have rapidly deteriorated.

Mr Stephen Walls, chief executive of WTA, said the deal would strengthen the company's balance sheet and enable it to expand in higher value added sectors of the paper industry.

Analysts speculated that WTA might be planning to acquire specialist paper companies to complement its existing range of high value

papers.

WTA's original interests in the thermal and carbonaceous paper markets have been bolstered by the addition of Arjomari's business in the coated, fine, technical and industrial paper sectors.

Mr Tim Rothwell, the paper industry analyst at Barclays de Zoete Wedd, said yesterday that the sale of Soporcel would make good financial sense for WTA and equally good commercial sense for Stora.

He calculated that the deal would reduce WTA's gearing from about 35 per cent to 18 per cent resulting in savings in interest payments of about £15m this year.

The Soporcel pulp mill is one of the largest in the European Community but has suffered from the instability of pulp prices and is expected only to break even this year.

The sale is subject to approval by the Portuguese government but analysts suggested that this was likely to be forthcoming given Stora's existing trading presence.

WTA's shares closed at 187p up 2p.

See Lex

## Saatchi under pressure to renegotiate terms

By Alice Rawsthorn

SAATCHI & SAATCHI, the troubled advertising group, could come under pressure from shareholders to renegotiate the terms of its financial rescue package according to London analysts.

Saatchi, which is encumbered by heavy debts and onerous liabilities, announced proposals for a financial reconstruction package on Thursday.

Mr Neil Blackley and Mr Quintin Price, the James Capel analysts who were voted as top team in last year's Emtel survey, are advising investors to lobby against the proposals.

They describe the proposals, which involve replacing Saatchi's existing preference shares with new ordinary and preference shares, as "unacceptable" because they involve heavy dilution for existing ordinary shareholders and the loss of dividends for up to three years for new preference shareholders.

Capel argues the package should include more preference shares and fewer ordinary shares - thereby lessening the level of dilution - and that dividends on the preference

shares should be paid immediately.

If the present proposals are accepted, Saatchi's ordinary shares would be worth between 10p and 20p, according to Capel. The shares, which peaked at 60p five years ago, fell by 70p to 20p yesterday.

Capel estimates the value of the present proposals at 34p for each existing Saatchi share and at 14p for the UK preference share. This assumes an ordinary share price of 20p.

Saatchi will complete the documentation for the proposed reconstruction in mid-February.

## Oliver Group

The FT's December 29 report of the disposal by Oliver Group of its Photo Shop subsidiary should not be understood to mean that the group has underlying problems. The disposal reflects a decision to concentrate on the group's core footwear business. The group's trading figures for the first half of 1990 showed an improvement of £940,000 on the equivalent figures for 1989.

## LONDON RECENT ISSUES

EQUITIES									
Issue Price	Amount Paid	Latest Date	1990/91	Stock	Closing Price	High	Low	Net	Yield
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0
240	100	10/10	10/10	East Midlands Elect. 50p	240	240	240	1.7	7.0

## FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Date	1990/91	Stock	Closing Price	High	Low	Net	Yield
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3
1000	100	10/10	10/10	East of Scotland Water Co Plc	1000	1000	1000	1.1	4.3

## RIGHTS OFFERS

Issue Price	Amount Paid	Latest Date	1990/91	Stock	Closing Price	High	Low	Net	Yield
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3
100	100	10/10	10/10	London Int. Group	100	100	100	1.1	4.3

## TRADITIONAL OPTIONS

● **First Dealings** Jan. 7  
 ● **Last Dealings** Jan. 18  
 ● **Last Declarations** April 11  
 ● **For settlement** April 22  
 For **rate indications** see end of  
**London Share Service**  
 Cables in **Alton Walker**, **Berford**  
 tel., **Brent Heath Pres.**, **Erskine**



## ECONOMIC DIARY

TODAY: Czechoslovakia's ruling Civic Forum holds congress in Prague.

TOMORROW: National Savings results (December).

Mr Douglas Hurd, foreign secretary, will pay a two-day working visit to Turkey. Presidential election in Portugal.

MONDAY: Retail sales (December-provisional). Producer price index numbers (December-provisional). FT survey of distributive trades (January). Quarterly analysis of bank advances (September-November). Capital issues and redemptions (December). Parliament resumes after Christmas recess. World Health Organisation executive board meets in Geneva.

TUESDAY: UN deadline for Iraqi forces to withdraw from Kuwait or face forcible expulsion. US retail sales (December). Mr Arthur Dunkel, director-general of GATT, convenes meeting of negotiators in effort to restart Uruguay Round trade talks following the Brussels breakdown in December.

WEDNESDAY: US consumer index (December); real earnings (December); industrial production/capacity utilization (December); and business inventories (November). Mr Toshiki Kaifu, Japanese prime minister, arrives in Manila for three-day visit to the Philippines.

THURSDAY: Finished steel consumption and stock changes (third quarter-final). Public sector borrowing requirement (December). Labour market statistics: unemployment and unfilled vacancies (December-provisional); average earnings indices (November-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (December). Western European Union holds two-day ministerial meeting in Paris. Mr Nikolai Portogalov, a foreign policy adviser to the Soviet president, gives address in Zurich on latest Soviet developments.

FRIDAY: Retail prices index and tax and price index (December). Expected date for resumption of Mozambique peace talks. Romania's ruling National Salvation Front holds convention in Bucharest.

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Friday January 11 1991										Highs and Lows Index									
& SUB-SECTIONS		Index	Day's Change	Est. Earnings Yield (%)	Div. Yield (%)	Grey Div. Yield (%)	P/E Ratio	1990 Est. to date	Index	Index	Index	Index	1990/91		Since Completion						
number of stocks per section			%										High	Low	High	Low					
1	CAPITAL GOODS (188)	698.24	+0.15	15.21	6.83	8.02	0.00	701.04	710.63	700.97	933.20	960.80	4 J	100	658.43	249 J	1038.07	137 J	50.71	13.12/74	
2	Building Materials (25)	948.75	-0.02	15.17	6.44	8.11	0.00	950.79	967.74	958.54	1150.00	1182.21	3 J	100	912.99	249 J	1381.08	167 J	44.27	11/27/74	
3	Contracting, Construction (51)	1079.75	+0.17	17.04	7.29	7.62	0.00	1080.79	1089.94	1088.38	1367.16	1421.44	4 J	100	833.24	249 J	1955.50	167 J	71.48	2 J/27/74	
4	Electronics (10)	1387.76	+0.33	14.89	8.07	8.21	0.00	1389.44	1395.15	1387.98	1678.06	1735.25	4 J	100	1762.42	249 J	1940.80	139 J	84.71	25/6 J/82	
5	Electronics (56)	1387.76	+0.33	14.89	8.07	8.21	0.00	1389.44	1395.15	1387.98	1678.06	1735.25	4 J	100	1762.42	249 J	1940.80	139 J	84.71	25/6 J/82	
6	Engineering-Aerospace (8)	387.19	-0.09	17.32	6.30	9.92	0.00	391.35	400.26	395.35	478.02	502.13	13/6	100	387.22	249 J	502.42	13/6	387.22	8 J	100
7	Engineering-General (47)	355.30	+0.33	16.44	7.22	7.34	0.00	356.41	361.49	359.65	465.06	505.10	13/6	100	344.85	249 J	505.10	13/6	344.85	8 J	100
8	Metals and Metal Forming (8)	397.10	+0.21	23.01	8.67	5.37	0.00	397.49	400.26	395.35	451.33	515.57	4 J	100	380.07	249 J	566.67	10/6	49.65	6 J	100
9	Motors (13)	277.17	-0.77	17.97	8.66	6.68	0.00	282.40	287.71	280.63	389.95	403.90	4 J	100	244.44	249 J	411.2	13/2/74	19.91	6 J	100
10	Nonferrous Metals (10)	790.89	+0.12	18.89	7.11	8.32	0.00	790.89	790.89	790.89	1079.15	1174.64	4 J	100	1103.81	249 J	1535.88	169 J	27.55	15/1 J/82	
11	CONSUMER GROUP (81)	1226.61	+0.13	10.82	12.34	12.34	0.00	1226.61	1226.61	1226.61	1379.15	1477.22	9 J	100	1226.61	249 J	1477.22	9 J	54.83	9 J	100
12	Brewers and Distillers (22)	1598.44	+0.11	10.22	3.92	12.04	0.00	1598.44	1604.57	1577.83	1544.05	1550.25	20/7	100	1369.31	6 J	1650.55	20/7	60.47	13/12/74	
13	Food Manufacturing (20)	1035.05	-0.01	11.20	4.83	11.02	0.00	1036.13	1042.94	1029.53	1158.55	1184.41	3 J	100	936.33	249 J	1220.42	4 J	59.67	11/2/74	
14	Food Retailing (16)	1228.01	-0.09	9.69	3.29	13.48	0.00	1227.53	1228.32	1227.00	1299.12	1361.14	21/7	100	1218.04	249 J	1722.30	5 J	54.25	11/2/74	
15	Health and Beauty Products (10)	1276.61	+0.13	10.82	12.34	12.34	0.00	1276.61	1276.61	1276.61	1379.15	1477.22	9 J	100	1276.61	249 J	1477.22	9 J	54.83	9 J	100
16	Hotels and Leisure (22)	1172.65	-0.02	11.89	5.81	9.92	0.00	1172.65	1172.65	1172.65	1233.32	1336.32	13/6	100	935.25	249 J	1223.52	13/6	58.63	6 J	100
17	Media (25)	1206.44	+0.11	12.42	5.64	11.93	0.00	1205.74	1221.70	1207.51	0.00	1228.68	31/2/74	100	1205.74	249 J	1228.68	31/2/74	1205.74	249 J	100
18	Packaging & Paper (11)	515.62	-0.02	10.29	6.66	11.93	0.00	516.68	517.64	512.71	592.80	620.13	17/7	100	470.41	249 J	779.48	16/7	43.46	6 J	100
19	Textiles (40)	790.89	+0.12	10.82	12.34	12.34	0.00	789.17	790.89	790.89	810.73	888.32	13/6	100	649.25	249 J	1150.58	20/7	52.63	6 J	100
20	Textiles (11)	405.51	-0.03	14.16	6.62	12.06	0.00	407.47	407.47	407.47	486.20	534.37	4 J	100	385.59	249 J	514.52	2 J	42.84	11/2/74	
21	OTHER GROUPS (11)	982.98	+0.13	13.13	6.08	9.92	0.00	989.51	998.24	982.98	1021.73	1033.32	13/6	100	935.25	249 J	1223.52	13/6	58.63	6 J	100
22	Business Services (12)	993.35	-0.02	12.61	5.42	9.44	0.00	993.35	1004.01	992.45	1087.40	1104.01	9 J	100	905.75	8 J	1004.01	9 J	99.75	8 J	100
23	Chemicals (22)	1035.37	+0.13	13.16	6.85	8.66	0.00	1035.10	1038.31	1027.40	1260.17	1335.87	14/6	100	920.88	249 J	1594.45	15/6/82	71.80	1 J/2/74	
24	Commodities (11)	1035.37	+0.13	13.16	6.85	8.66	0.00	1035.10	1038.31	1027.40	1260.17	1335.87	14/6	100	920.88	249 J	1594.45	15/6/82	71.80	1 J/2/74	
25	Transport (15)	1844.75	+0.14	14.05	5.51	8.79	0.00	1851.86	1879.24	1859.67	2371.78	2498.00	4 J	100	1736.14	14/1/74	2554.49	12/7	98.80	26/74	
26	Electricity (12)	997.08	-0.02	12.37	7.06	9.76	0.00	998.05	998.05	998.05	1035.35	1035.35	9 J	100	994.95	9 J	1005.35	9 J	994.95	7 J	100
27	Telephone Networks (3)	1110.93	-0.02	12.12	5.58	9.43	0.00	1112.18	1117.89	1119.30	2232.26	2496.72	3 J	100	1047.14	249 J	2087.02	3 J	51.72	30/1/84	
28	Other (10)	1110.93	-0.02	12.12	5.58	9.43	0.00	1112.18	1117.89	1119.30	2232.26	2496.72	3 J	100	1047.14	249 J	2087.02	3 J	51.72	30/1/84	
29	Miscellaneous (26)	1542.00	-0.08	12.36	5.93	9.43	0.00	1545.66	1557.96	1535.58	1922.52	1981.35	3 J	100	1455.37	249 J	2087.02	11/7	40.39	6 J	100
30	INDUSTRIAL GROUP (48)	1012.33	+0.10	12.08	5.37	10.10	0.00	1012.33	1012.33	1012.33	1025.04	1044.34	3 J	100	950.53	249 J	1227.71	5 J	69.50	13/12/74	
31	Oil & Gas (20)	2226.58	+0.10	10.60	5.70	13.05	0.00	2226.58	2226.58	2226.58	2351.53	2528.70	3 J	100	191.34	30/4	2528.70	3 J	87.22	25/74	
32	50/50 SHARE INDEX (60)	1117.86	+0.11	11.77	5.42	10.48	0.00	1118.18	1118.18	1118.18	1164.80	1241.39	3 J	100	1062.52	249 J	1368.88	16/7	63.49	13/12/74	
33	FINANCIAL GROUP (98)	690.17	-0.8	6.91	-	5.90	0.00	695.57	701.28	689.20	841.99	869.67	3 J	100	658.68	249 J	896.67	13/10/87	55.88	13/2/74	
34	Banks (9)	726.49	-1.1	22.16	8.02	5.90	0.00	730.09	745.05	728.82	871.10	918.30	2 J	100	658.68	249 J	918.30	2 J	62.44	12/2/74	
35	Life Insurance (17)	1264.66	+0.07	11.77	6.44	10.48	0.00	1264.66	1264.66	1264.66	1314.26	1364.26	3 J	100	1264.66	249 J	1364.26	3 J	62.44	12/2/74	
36	Insurance (Company) (6)	710.0	-	7.10	-	7.10	0.00	710.0	710.0	710.0	710.0	710.0	3 J	100	710.0	249 J	710.0	3 J	62.44	12/2/74	
37	Insurance (Brokers) (8)	988.43	+0.6	7.45	5.62	17.58	0.00	988.44	988.44	988.44	1145.25	1194.74	4 J	100	710.0	249 J	1399.36	7 J	65.86	16/2/74	
38	Merchant Banks (3)	341.52	-0.07	5.70	6.02	23.37	0.00	342.94	346.29	347.46	414.02	502.02	8 J	100	338.79	249 J	547.59	12/10/87	31.21	7 J	100
39	Other (41)	938.00	-0.08	5.93	15.66	-	0.00	938.00	938.00	938.00	1014.25	1014.25	3 J	100	938.00	249 J	1014.25	3 J	62.44	12/2/74	
40	Other (41)	938.00	-0.08	5.93	15.66	-	0.00	938.00	938.00	938.00	1014.25	1014.25	3 J	100	938.00	249 J	1014.25	3 J	62.44	12/2/74	
41	Investment Trusts (62)	968.90	-0.3	4.20	-	-	0.00	972.97	983.76	973.49	1145.25	1323.81	4 J	100	954.21	249 J	1323.81	4 J	71.12	13/2/74	
42	50/50 SHARE INDEX (667)	1012.33	-0.2	5.59	-	-	0.00	1013.81	1023.43	1011.39	1191.71	1226.83	3 J	100	962.09	249 J	1238.57	16/7	61.92	13/2/74	
FT-50 SHARE INDEX		2106.1	-2.6	2126.51	2105.8	2108.7	2128.9	2099.91	2113.3	2126.1	2380.1	2463.7	3 J	100	1494.5	8 J	2463.7	3 J	98.9	23/7 J/84	



## INTERNATIONAL COMPANIES AND FINANCE

## Financial groups may bid for Bank of New England

By Martin Dickson in New York

ABOUT eight financial groups have indicated that they might bid for all or parts of Bank of New England, the Boston-based bank that was declared insolvent last Sunday and seized by federal regulators.

This was stated yesterday by Mr. William Seidman, chairman of the Federal Deposit Insurance Corporation, which has taken control of the business and is selling off its assets. He did not rule out the possibility that a foreign bank might bid for BNE.

Two US banks - California-based BankAmerica and Ohio-headquartered Banc One - have already publicly expressed an interest in looking at BNE's assets.

Mr. Seidman, speaking in Boston, where he is holding talks on the regional banking crisis with state governors and BNE executives, said the FDIC hoped to begin accepting bids for parts of the bank in two to three months.

The FDIC was "dedicated to making the time as short as possible to get the institutions back into the private sector". He added that the odds were BNE's banking units would be sold all together, but that would depend on the market place.

Mr. Seidman said that the FDIC was working on a plan to ease New England's credit crunch by injecting money into banks with tight capital.



William Seidman: foreign bank might join bidding

## Norwegian banks agree merger

By Karen Fossil in Oslo

CHRISTIANIA BANK, Norway's second biggest bank, and Realkredit, Norway's biggest credit institution, yesterday agreed to merge in a deal which will make Realkredit a fully-owned subsidiary of the bank.

The merger, the latest to be announced by Norway's banking system, is symptomatic of the industry's scramble to strengthen operations ahead of 1992 when the Bank for International Settlements (BIS) capital adequacy requirements come into effect.

Both Christiania and

Realkredit face significant credit losses and will be in the red for 1990. Christiania earlier said that credit losses will reach Nkr2.65bn (\$470m), double that of 1989. Realkredit said yesterday that estimated credit losses for 1990 would reach Nkr3.65bn out of a total loan portfolio of Nkr34bn.

The two last September sought to merge but the deal fell through. Realkredit, which mainly specialises in mortgages and loans to industry, is a stock market listed company and will be quoted on the Oslo bourse once the deal

with Christiania is completed.

The Norwegian central bank said that it was willing to lend to Realkredit over a transitional period to meet considerable refinancing needs in 1991. It said that it considered the merger a positive contribution to the Norwegian financial sector.

Morgan Stanley and Arthur Andersen have been engaged to work out a details of the merger deal.

Den norske Bank (DnB) has sold DnB Corporate, a fully-owned financing company, to Pareto, a ship financing company.

## Developer achieves a majority on SAE board

By William Dawkins in Paris

A PARISIAN property developer yesterday won a partial victory in a nearly year-long battle for control at Société Auxiliaire d'Entreprises (SAE), a leading French construction group.

Mr. Michel Pelège, with an independent shareholding, was yesterday given a one-seat majority on a new enlarged SAE board, after months of argument with chairman, Mr. Jean-Claude Jammes and a group of shareholders loyal to the management.

Mr. Jammes will continue to lead the company. SAE is not exactly in deep trouble, but its profits are uninspiring. It reported a FF202.5m (\$31m) net profit on sales of FF25.9bn in 1989.

Mr. Pelège, whose company is less than a third the size of SAE in turnover terms, bought a significant minority stake in the group last February, from Compagnie Générale d'Industrie et de Participations, the holding group for the Wendel steel family financial interests.

Last June, he struck a truce with SAE to stick at 20 per cent in exchange for three board seats.

But this broke down a few months later, and Mr. Pelège scooped up more SAE stock as the share price fell during the autumn.

Since then, he has built up a 33 per cent shareholding, with the help of the Crédit Lyonnais state-controlled bank, which makes Mr. Pelège the largest single shareholder.

That is a fraction short of the one-third ownership at which he would be obliged to mount a full bid, under French takeover rules which came into effect in September 1989.

What made Mr. Pelège's hand even stronger was last month's decision by Ceisa, Spain's largest construction company which owns 15 per cent of the shares, to withdraw its participation in the Jammes camp loyal to SAE's existing management.

Mr. Jammes and his allies, including Paribas, the leading investment bank, Fonguerolles, a medium-sized French construction group, and SAE staff, reckon to control at least 25 per cent of the voting rights.

Oceia has sworn before the Commission des Opérations de Bourse, the French stock market watchdog, that even if it is no longer part of the Jammes alliance, it has no special agreements with Mr. Pelège.

If the COB found they were acting in concert, it could force Mr. Pelège and Oceia to make a full bid.

Neither could easily afford to pay the price for full control.

## Pan Am receives \$50m injection

PAN AM, the US airline which filed for protection on Tuesday, yesterday received a much-needed cash infusion of \$50m. This is the first tranche of a \$150m loan to United Airlines, one of the two largest US carriers, and Bankers Trust, writes Nikki Tait in New York.

Pan Am only gained access to the money after a lengthy hearing in the Manhattan bankruptcy courts on Thursday evening.

The loan was conditional on the bank-

ruptcy court judge approving Pan Am's proposed sale of its London routes to United Airlines for \$290m - a decision he finally made shortly before 10pm.

The path is now cleared for talks at the beginning of next week between the UK and US authorities over the vexed question of whether the two US carriers, Pan Am and TransWorld Airlines, will be able to transfer their London route rights.

The Pan Am-United deal, which has tentative approval from the US Transporta-

tion Department, is dependent on the UK authorities' agreeing to this. TWA also wants to sell its London routes to American Airlines for \$445m, with a similar transfer.

Making his ruling after strong protests from some creditors, the bankruptcy court judge said he was "somewhat uncomfortable" with the speed at which his decision was required, but that the "confidence factor" among the ticket-buying public had to be taken into account.

## First hurdle crossed to route sale

Nikki Tait looks at the airline's bumpy ride to much-needed cash

At 9.40 on Thursday night, a barely-muffled cheer went up around the Manhattan courtroom of Judge Cornelius Blackburn. In a statement which was as short as the preceding hearing had been long, the bankruptcy court judge approved Pan Am's plan to sell its Heathrow routes to Chicago-based United Air Lines for \$290m.

In doing so, he cleared the key condition to a \$150m interim loan from United and US investment bank, Bankers Trust.

And that, in turn, ensured that the cash-starved carrier - which had only filed for protection from creditors under Chapter 11 of the Bankruptcy Code on Tuesday - could immediately

Relief in the Pan Am ranks was palpable. Mr. Jonathan O'Herron, the Lazard Frères banker who had negotiated the loan, hugged one colleague. A buzz of Pan Am employees chattered happily in the corridors.

Certainly, if Thursday night's testimony was accurate, this had been brinkmanship of a fine order by the international carrier. How long could Pan Am last without a cash infusion, Mr. O'Herron was asked. A day or two, he replied the banker glibly. Pan Am's assistant treasurer, Ms Joan Fabio, fished out a few details.

The company's cash, which had totalled \$32m when it filed for Chapter 11, had slipped to \$27m by Wednesday night. Money flowing in - normally \$45m to \$50m a week - was falling short.

American Express had been expected to pay \$5m on Wednesday but had withheld



Cosier times: bed and breakfast at 25,000ft in the 1950s

the money, presumably to meet possible customer requests for refunds, while an anticipated \$1.5m payment from Mastercard/Visa turned into \$100,000 instead.

So, in place of a predicted \$7m inflow on the first day after filing, Pan Am had only \$4m - and that thanks to a government payment related to "military operations". Meanwhile, fuel prices are rising sharply again, and a payday looms.

The extent to which Pan Am has been paring its own outflows to the bone was also amply demonstrated. Earlier testimony, for example, disclosed that one of 18 Pan Am aircraft modified for military use went in for repairs by Boeing in October.

Pan Am has not paid the mechanics' bill and, to the US Air Force's apparent consternation, the plane remains in the tenacious grasp of the West Coast aerospace supplier.

Even so, creditors had qualms. Not all were persuaded that the United deal had necessarily wrung the highest price for the London routes, or that the \$150m loan - which carries a hefty 36m fee - had been obtained on the best terms.

Accordingly, the PBGC, which claims to be owed more than \$600m by Pan Am - Pan Am says \$450m - pushed for a delay, if only until Tuesday. Furthermore, Pan Am's flying rivals seized their opportunity. Delta and Northwest Airlines claimed to be interested

in at least some of the transatlantic routes. While Carl Kahn, TWA's president, which had mooting taking over Pan Am, maintained that it offered interim financing of \$75m last week.

Even some employees, led by the Airline Pilots Association, chipped in, saying that West Coast investor, Kirk Kerkorian, was interested in making a bid. This appeared to be a re-run of an earlier suggested employee initiative back in 1987.

But Judge Blackburn never seemed impressed. "What happened to everyone after October?" he remarked at one point referring to the date when the United deal was first announced.

There is no doubt that his eventual ruling gives critical breathing space to the airline. But its problems are anything but over.

Much now rests with next week's talks between the UK and US authorities on the bilateral agreement which currently makes it impossible for Pan Am to transfer automatically its access to Heathrow airport. Without this, the \$290m United deal dies.

Although that money, coupled with possible sale proceeds from Pan Am's east coast shuttle, could see the carrier through to the point where seasonal traffic revives, there is still a huge questionmark over how Pan Am eventually sorts out its finances.

The attitude East crisis, meanwhile, casts a long shadow over fuel costs, an airline's second largest cost. In short, it will be long time yet before Pan Am's management unfastens its collective safety-belt.

## FAI unable to explain decline in share price

By Kevin Brown in Sydney

FAI Insurance yesterday told the Australian Stock Exchange (ASX) it could not explain a fall in its share price from A\$1.01 on Monday to 85 cents on Thursday.

Mr. Rodney Adler, chief executive, said the reason for the price fall was probably the general fall in the market and the possibility of war in the Gulf.

Mr. Adler was responding to a query from the ASX asking whether the FAI board could explain the fluctuation. Mr. Adler said FAI's interim results were expected to be released in February or March, but no other announcements were pending.

He asked the exchange not to release his response because it would not further inform the market and in a market likely to create confusion and unnecessary speculation. However, the ASX followed its normal procedure in releasing the response.

## Banesto expected to make Pta23bn profit

By Tom Burns in Madrid

CORPORACION BANESTO, the big Spanish industrial group in which Germany's Dresdner Bank has recently taken a 5 per cent stake, is expected to turn in a profit of Pta23bn (\$337m) for 1990, according to officials at Banco Espanol de Credito (Banesto), the Corporation's controlling shareholder.

This is the first profits indication from the Corporation which was formed last year.

Banesto group officials said that for Banesto group as a whole its consolidated statement would show profits of Pta34bn.

Mr. Arturo Romani, chief executive of Corporacion Banesto, said in an interview with the Financial Times that all the companies in the Corporation were "making money".

He stressed that because of

this, and according to the guidelines of EC directives and international accounting standards, the Corporation was not obliged to make provisions for the fall in the market share of the companies that it controls.

The price of the underlying shares that make up the companies within the Corporation have fallen faster than the Madrid stock market index in the wake of the Gulf crisis.

The conglomerate's industrial holdings are now worth some Pta50bn less than book value.

Following the sale to Dresdner bank, Banesto has reduced its stake in the Corporation from 85 to 80 per cent.

Mr. Romani said other offers for blocks of equity in the holding were being studied. He said, however, that there was "no urgency" to sell.

## Whirlpool sets aside \$56m to cover restructuring

By Nikki Tait

WHIRLPOOL, the world's largest manufacturer of home appliances, said yesterday that it planned to set aside \$56m to cover the costs of reorganising its refrigeration business.

The provision, given at the pre-tax level, will dent the group's earnings per share by around 60 cents.

Analysts have been predicting earnings of around \$2 a share, excluding the one-off 33 cents a share benefit which Whirlpool enjoyed after selling certain assets to Matsushita of Japan in July. In the first nine months, again excluding this benefit, the company made \$1.49 a share. Yesterday, its

shares eased 4 to \$22.

Whirlpool explained that it planned to close its operations in Port Credit, Ontario, where 350 people are employed, by the first quarter of 1992, and consolidate production of nearly all its North American "top and bottom mount" refrigeration models in Indiana. This

will create about 800 jobs there.

In addition, some products which were to have been made in Mexico will be produced in Indiana and operations at an Arkansas factory will also be refocused, where around 500 jobs will be lost in 1992 as manufacturing moves to Indiana.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest price	Change on week	Year on year	High 1990/91	Low 1990/91
Gold per troy oz.	\$381.15	+3.65	\$417.75	\$420.25	\$345.75
Silver per troy oz.	\$217.85	+1.75	\$20.50	\$23.50	\$20.15
Aluminium 99.7% (cash)	\$1823.5	-38.5	\$1800.0	\$227.5	\$1380.0
Copper Grade A (cash)	\$21810.5	-21.0	\$2165.0	\$2180.0	\$1910.0
Nickel (cash)	\$237.0	+0.5	\$222.5	\$230.0	\$215.5
Lead (cash)	\$387.5	+125	\$3725.0	\$11975	\$8075
Zinc 5% (cash)	\$1259.5	-10	\$1265.0	\$1265.0	\$1125.0
Tin (cash)	\$5850	-80	\$5850	\$7020	\$5547.5
Cocoa Futures (May)	\$713	+33	\$359	\$367	\$622
Coffee Futures (Mar)	\$143	-5	\$143	\$143	\$143
Sugar (LDP Raw)	\$222.4	-7.8	\$245.0	\$256.4	\$222.4
Barley Futures (Mar)	\$114.60	-3.40	\$112.85	\$120.45	\$103.45
Wheat Futures (Mar)	\$124.45	+1.85	\$116.65	\$124.20	\$111.00
Cotton Outlook Index	\$2.55	-0.30	\$4.75	\$2.70	\$2.70
Wool (5% Super)	\$21.0	+7	\$7.30	\$80.0	\$38.0
Oil (Brent Blend)	\$26.05	-1.75	\$21.25	\$36.75	\$15.75

## London Markets

SPOT MARKETS	Latest price	Change on week
Crude oil (per barrel FOB)	\$21.70-1.05	-0.62
Diesel	\$21.70-1.05	-0.62
Brent Blend (dated)	\$20.10-0.20	-0.45
West Blend (February)	\$20.00-0.20	-0.45
WTI (1st oil)	\$20.50-0.20	-0.45

Oil products	Latest price	Change on week
(NOC prompt delivery per tonne CIF)		
Premium Gasoline	\$279-282	-3.5
Gas Oil	\$269-271	-3.5
Heavy Fuel Oil	\$252-255	-3.5
Naphtha	\$285-290	+3
Petroleum Argus Estimates		

Other	Latest price	Change on week
Gold (per troy oz.)	\$381.15	+0.60
Silver (per troy oz.)	\$217.85	+1.25
Platinum (per troy oz.)	\$822.25	+0.50
Palladium (per troy oz.)	\$86.00	+0.85

Aluminium (free market)	Latest price	Change on week
Copper (US Producer)	\$1823.5	-38.5
Nickel (free market)	\$237.0	+0.5
Tin (Kuala Lumpur market)	\$5850	-80
Tin (New York)	\$5850	-80
Zinc (US Free Western)	\$1259.5	-10

Cattle (live weight)	Latest price	Change on week
Sheep (live weight)	\$143.50	+0.81
Pigs (live weight)	\$73.10	+3.10
London daily sugar (raw)	\$222.4	-7.8
London daily sugar (white)	\$222.4	-7.8
Yate and Lyte export prices	\$224.0	-0.5

Barley (English seed)	Latest price	Change on week
Maize (US No. 3 yellow)	\$114.60	-3.40
Wheat (US Dark Northern)	\$124.45	+1.85
Rubber (Feb)	\$1.25	+0.80
Rubber (Mar)	\$1.50	+0.50
Rubber (1st Jan)	\$26.5m	

Coconut oil (Philippines)	Latest price	Change on week
Palm oil (Malaysia)	\$320.0	
Cocoa (Philippines)	\$245.0	
Soyabean (US)	\$138.0	+0.5
Cotton "A" mack	\$2.85	+0.05
Woolapex (1st Super)	\$21.0	+7

© is a term unless otherwise stated. p=preliminary, c=contract, f=firm, n=not, w=Feb-Mar, z=Jan-Feb, m=Mar, M=May, C=Commission, average physical market, SCF Rotterdam, S=London market, M=London opening.

## GODOL - London POX

Close	Previous	High/Low
Mar	680	681 682 683
Apr	713	714 715 716
May	742	743 744 745
Jun	768	769 770 771
Jul	797	798 799 800
Aug	828	829 830 831
Sep	859	860 861 862
Oct	890	891 892 893
Nov	921	922 923 924
Dec	952	953 954 955

Turnover	1989 (1990) lots of 10 tonnes
Jan	101 102 103 104 105
Feb	106 107 108 109 110
Mar	111 112 113 114 115
Apr	116 117 118 119 120
May	121 122 123 124 125
Jun	126 127 128 129 130
Jul	131 132 133 134 135
Aug	136 137 138 139 140
Sep	141 142 143 144 145
Oct	146 147 148 149 150
Nov	151 152 153 154 155
Dec	156 157 158 159 160

COFFEE - London POX	Close	Previous	High/Low
Jan	602	603	612 602
Mar	680	681	690 680
May	758	759	768 758
Jul	836	837	846 836
Sep	914	915	924 914
Nov	992	993	1002 992
Dec	1070	1071	1080 1070

Turnover	1989 (1990) lots of 5 tonnes
Jan	101 102 103 104 105
Feb	106 107 108 109 110
Mar	111 112 113 114 115
Apr	116 117 118 119 120
May	121 122 123 124 125
Jun	126 127 128 129 130
Jul	131 132 133 134 135
Aug	136 137 138 139 140
Sep	141 142 143 144 145
Oct	146 147 148 149 150
Nov	151 152 153 154 155
Dec	156 157 158 159 160

POTATOES - London POX	Close	Previous	High/Low
Jan	90.0	90.5	91.0
Feb	91.0	91.5	92.0
Mar	92.0	92.5	93.0
Apr	93.0	93.5	94.0
May	94.0	94.5	95.0
Jun	95.0	95.5	96.0
Jul	96.0	96.5	97.0
Aug	97.0	97.5	98.0
Sep	98.0	98.5	99.0
Oct	99.0	99.5	100.0
Nov	100.0	100.5	101.0
Dec	101.0	101.5	102.0

SOYABEAN - London POX	Close	Previous	High/Low
Jan	112.0	112.5	113.0
Feb	113.0	113.5	114.0
Mar	114.0	114.5	115.0
Apr	115.0	115.5	116.0
May	116.0	116.5	117.0
Jun	117.0	117.5	118.0
Jul	118.0	118.5	119.0
Aug	119.0	119.5	120.0
Sep	120.0	120.5	121.0
Oct	121.0	121.5	122.0
Nov	122.0	122.5	123.0
Dec	123.0	123.5	124.0

FURNITURE - London FOX			STG/m
	Close	Previous	High/Low
Jan	1480	1460	1470 1490
Feb	1478	1480	1495 1470
Apr	1355	1380	1375 1350
Jul	1000	1000	1000



## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Swiss franc meets demand

THE SWISS franc met with increased demand yesterday, in the attraction of traditional neutrality, fairly high Zurich interest rates and a highly developed banking system. At a time of nervousness about the situation in the Gulf and signs of increasing unrest in the Soviet Union, the Swiss National Bank has decided not to drain liquidity, despite comfortable conditions at present, leaving commercial banks with sight deposit holdings at Sfr3.4bn, which are above the central bank's target of Sfr3.0bn.

In Zurich, the authorities stressed that this was not a move to ease monetary policy, but was intended to stabilise rates which are already relatively high. The central bank has said it will not ease its monetary stance until inflation is lower.

Figures released yesterday showed a year-on-year rise of 5.3 per cent in December compared with 5.2 per cent in November.

sterling prices. This is still relatively high by Swiss standards, but is an improvement on the 11 per cent annualised rise in November.

At the London close the Swiss franc was firmer against the dollar, sterling and the D-Mark. News that Soviet troops had taken action against demonstrators in the Baltic republic of Lithuania weighed on the D-Mark. The Swiss franc rose to DM1.1975 from DM1.1895.

Events in the Soviet Union added to the depressing influence on the D-Mark of the German unification, amid fears that this will involve heavy government borrowing.

The weaker D-Mark helped to keep pressure on the European Monetary System. Sterling was slightly above the French franc, with the French currency remaining the weakest member of the EMS unit mechanism.

Sterling rose to DM2.9225 from DM2.9200 and to FF9.9175 from FF9.9025. The pound showed mixed changes against currencies in the EMS, rising 10 points to 163.75 but falling to Sfr4.400 from Sfr4.4125.

On Bank of England figures its index fell 0.1 to 93.8. The dollar was little changed in the weekend and the approach of United Nations deadline for Iraqi withdrawal from Kuwait. This has made the dollar reluctant to create new positions.

In London the dollar rose to DM1.5325 from DM1.5315 and to FF16.1950 from FF16.1850, but it fell to Sfr4.2795 from Sfr4.2815 and to Y134.20 from Y134.55. The US currency's index was unchanged at 111.

## FINANCIAL FUTURES AND OPTIONS

LIFE LONG ONLY FUTURES OPTIONS			
Symbol	Settle	Open	Close
1000	1.45	1.45	1.45
1001	1.45	1.45	1.45
1002	1.45	1.45	1.45
1003	1.45	1.45	1.45
1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
Symbol	Settle	Open	Close
1000	1.45	1.45	1.45
1001	1.45	1.45	1.45
1002	1.45	1.45	1.45
1003	1.45	1.45	1.45
1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
Symbol	Settle	Open	Close
1000	1.45	1.45	1.45
1001	1.45	1.45	1.45
1002	1.45	1.45	1.45
1003	1.45	1.45	1.45
1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
Symbol	Settle	Open	Close
1000	1.45	1.45	1.45
1001	1.45	1.45	1.45
1002	1.45	1.45	1.45
1003	1.45	1.45	1.45
1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
Symbol	Settle	Open	Close
1000	1.45	1.45	1.45
1001	1.45	1.45	1.45
1002	1.45	1.45	1.45
1003	1.45	1.45	1.45
1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
Symbol	Settle	Open	Close
1000	1.45	1.45	1.45
1001	1.45	1.45	1.45
1002	1.45	1.45	1.45
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1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
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1003	1.45	1.45	1.45
1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

LIFE LONG ONLY FUTURES OPTIONS			
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1004	1.45	1.45	1.45
1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

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1002	1.45	1.45	1.45
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1005	1.45	1.45	1.45
1006	1.45	1.45	1.45
1007	1.45	1.45	1.45
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LIFE LONG ONLY FUTURES OPTIONS			
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1004	1.45	1.45	1.45
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LIFE LONG ONLY FUTURES OPTIONS			
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1005	1.45	1.45	1.45
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1007	1.45	1.45	1.45
1008	1.45	1.45	1.45
1009	1.45	1.45	1.45
1010	1.45	1.45	1.45

9.25	9.28-9.35	9.35-9.50	9.50
"	8 1/2-8 1/4	"	"
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"	13-13 1/2	"	"
"	9 1/2-10	"	"
11 1/2-11 3/4	11 1/2-11 3/4	11 3/4-11 1/2	"

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KEY RATES			
One Month	Three Months	Six Months	One Year







## LONDON STOCK EXCHANGE

## Equities close on an unsettled note

A DISTURBING week in London equity markets came to a nervous and unsettled close yesterday as traders and fund managers grappled with the latest developments both in the Gulf and in eastern Europe. There were some signs that equities were being sold in investment money moved into UK Government bonds, which are seen as a safer haven in troubled times. However, trading volume in the stock market was still heavy, and the FT-SE Index closed with a minor rise.

Share prices opened smartly higher as London hoped to follow the rises in both New York and Tokyo overnight. But it was soon clear that investors had no intention of taking risks while awaiting the outcome of the visit to Iraq today.

Account Dealing Dates	First Dealing	Jan 14	Jan 26
Options	Dec 31	Jan 14	Jan 26
Options	Dec 31	Jan 14	Jan 26
Options	Dec 31	Jan 14	Jan 26
Options	Dec 31	Jan 14	Jan 26

by the UN secretary general; Tuesday brings the expiry of the UN deadline for Iraq for withdrawal from Kuwait. By the middle of yesterday morning, the UK market was growing increasingly unsettled by reports that Soviet troops had stormed the headquarters of the Lithuanian state defence department. After reaching 2,124.5 in early trading, the FT-SE Index turned back and by mid-session was barely ahead of its overnight level.

Fears that Wall Street might open the new year with a downswing were softened when the Dow managed to show a fall of only 8.56 as London closed.

The FT-SE Index put the loss of 11 on the day. Session volume increased to 1.1 billion shares, the highest in the previous week. Traders said that while most of the big institutions were disinclined to enter the market under the present conditions, there was a few buyers who were at first willing to speculate on favourable developments in the Gulf situation over the weekend, but backed away when the news of the disturbing Lithuanian situation reached the City of London. Yesterday was the close of

the FT-SE trading account in equities, a period which has seen the FT-SE lose 543 points, or 2.6 per cent. Inevitably, the setback was attributed by traders to the approach of the January 15 deadline for the Iraqi withdrawal set by the UN.

UK Government bonds opened with very small losses but turned firmer later in the session when some investors took the traditional route towards safety. Turnover was moderate, but the trend was distinct, according to bond dealers.

With neither oil prices nor sterling making decisive moves yesterday, the equity market appeared to have put itself on "hold" until the international climate clears. Market strategists were unwilling to put forward new opinions, although some pointed out that equities

last night, which was in the FT-SE 2,100 area.

S.G. Warburg Securities repeated the widely held view that equity valuations are "looking increasingly tempting on any longer term view." But it warns that bargain hunters must look beyond simple labels such as "defensive" or "cyclical." Last month's economic data and the apparent postponement of projected cuts in mortgage rates to the second quarter of the year, suggest a further worsening of the climate, says Warburg.

Shearson Lehman Brothers took a slightly less optimistic view, believing that the stock markets may not have fully discounted war. If it comes, it suggests lightening holdings generally, but recommends utilities, drinks and drug stocks.

## Glaxo up on Losec report

REPORTS OF developments involving its most serious potential competitor in anti-ulcer drugs inspired active trading in Glaxo yesterday. Shares in the pharmaceutical group gained 24 to 842p as London traders responded to reports that a US medical magazine had revealed that Losec, Merck's potential rival to Zantac, Glaxo's most successful product, had gained only limited approval from the US regulatory authorities. The magazine suggested that Losec has been approved only as a second choice after other drugs such as Zantac have been tried and failed.

Pharmaceuticals sector analysts in London reacted to the reports with some caution. Mr James Culverwell at Hoare Govett commented that investors might be over-emphasising the US report, adding that Merck was still engaged in discussions with the US regulatory authorities.

At County NatWest, Mr Steve Flagg told clients that Merck is "unlikely to succeed" in getting wider approval for Losec in the US. He also warned clients to brace themselves for poor interim figures from Glaxo at the end of next month.

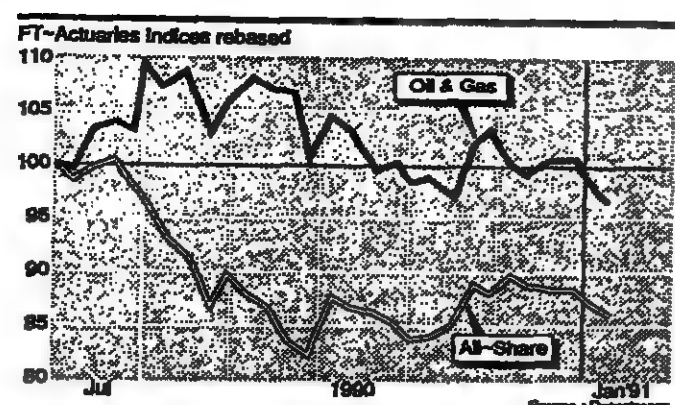
However, trading volume in Glaxo shares totalled only 2.1m shares which is no great total by average trading standards.

Telecoms easier

Uncertainty surrounding the two big UK telecoms groups, British Telecom (BT) and Cable & Wireless (C & W), were again in evidence as BT shares sharply underperformed the market amid renewed worries about deregulation of the telecoms market.

The damage to the BT share price yesterday - it fell 8 to 371 1/2p on turnover of 4.9m - followed a cautious note issued by James Capel. The broking house said it had reaffirmed its cautious stance on the stock. It said the market had not yet discounted the probable impact of forthcoming deregulation, which would include equal access to its network.

News of a possible cap on international call prices is expected some time in February, according to specialists, or even a price reduction of 15 per



Since the beginning of July oil shares have substantially outperformed the equity market, mirroring the steep upturn in crude oil prices after Iraqi forces invaded Kuwait. Analysts highlighted the possibility of a sharp rise in oil prices in the event of war in the Gulf which could result in substantial disruptions to oil supplies. Oil prices at one point topped \$40 a barrel, compared with the \$16 a barrel level ruling in July, but they have since come back to around \$28.

cent may well be implemented then, with other restrictions enforced in following years. Earlier in the week UBS Phillips & Drew took a bearish view of BT shares, highlighting probable moves by OFTEL, the telecoms watchdog. C & W shares were relatively steady yesterday, closing only a fraction easier at 447p on turnover of 1.1m.

Hawker falls

Quake Biddleley dipped quite sharply amid market stories that Kleinwort Benson had put the stock on its latest sell list or had reduced profits numbers for the group. Both reports were inaccurate and Kleinwort has been negative on Hawker for some while. It also reluctantly denied that it had in any way altered its profit estimates for the group.

No further information was available because the engineer-

ing team at the investment house maintains a policy of no comment to press inquiries. It was thus not possible to confirm an additional suggestion that analysts at Kleinwort were concerned that Hawker could be considering further job losses.

Marketmakers spoke of slightly heavier trading volume of nearly 1m shares in Hawker yesterday but detected no aggressive seller. At the close the stock was 8 down at 438p, after 424p.

Dividend fears

Another steep fall in the Standard Chartered share price was attributed to a growing market perception that the bank may cut its dividend this year, making it the first of the UK banks to reduce its dividend "in living memory."

It was 14p on Thursday.

NEW HIGHS AND LOWS FOR 1990/91

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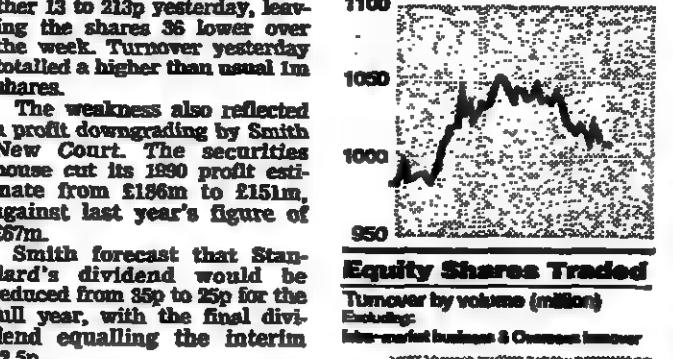
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## FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Info-market business & Chapman & Co.

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## FINANCIAL TIMES STOCK INDICES

	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Year Ago	10000/1		Stock		
							High	Low	High	Low	
<b>Preferred Stock</b>	83.29	83.31		83.12	82.98	83.02	84.20	74.13	82.74	80.77	
							(30/1/00)	(30/1/00)	(30/1/00)	(30/1/75)	
<b>Fixed Income</b>	91.08	91.08	91.05	90.97	90.93	92.01	92.91	83.80	105.4	90.53	
							(8/1/00)	(30/4/00)	(3/1/11)	(5/1/77)	
<b>Ordinary Shares</b>	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	2008.6	100.00	
							(1/1/00)	(1/1/00)	(1/1/00)	(1/1/00)	
<b>Gold Mines</b>	111.11	111.11	111.11	111.11	111.11	348.1	111.11	111.11	111.11	43.5	
							(1/1/00)	(1/1/00)	(1/1/00)	(1/1/00)	
<b>FT-GE 100 Shares</b>	2102.1	2102.1	2102.1	2102.1	2113.3	2102.1	2102.1	2102.1	2102.1	2102.1	
							(29/8/00)	(29/8/00)	(29/8/00)	(29/8/00)	
<b>FT-GE Eurobank</b>	220.85	220.85	220.85	220.85	220.85	-	220.85	220.85	220.85	220.85	
							(5/12/00)	(5/12/00)	(5/12/00)	(5/12/00)	







● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

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## WORLD STOCK MARKETS

## AMERICA

## Snowstorm ousts Gulf as main block on trading

## Wall Street

THE GULF crisis temporarily took a back seat to the forces of nature yesterday morning, with a snowstorm keeping players away from Wall Street as US equities traded in a narrow mixed range in moribund trading, writes Karen Zapor in New York.

The Dow Jones Industrial Average briefly crossed the 2,500 line at 10 am but seemed unable to find support at that level and immediately turned lower. At 1.30 pm, it was quoted at 2,492.08, down 6.88.

On Thursday, the Dow had gained 26.46 in the previous session. Volume was exceptionally light on New York Stock Exchange, with only 80 million shares changing hands.

Although declining issues had only a very slim edge on those advancing, the fundamentals for the stock market remained negative, given the recession and threat of impending war.

Baker Hughes and Smith International moved lower in heavy trading on reports that the companies had been subpoenaed by a Grand Jury which is investigating alleged price-fixing for rock drill bits.

Baker Hughes fell 1 1/4 to \$21 1/2 and Smith International dropped 5/8 to \$12 1/2. Shares in Dresser Industries, which has also been subpoenaed over drill bit pricing from 1985, rose 3/8 to \$19 1/2 after falling 1/2 on Wednesday.

Pan Am was one of the most active stocks of the morning, adding 1/4 to \$3 1/2. The issue has been active all week, following the company's Chapter 11 filing for bankruptcy protection on Tuesday.

In the wake of the filing, the issue will be removed from the 30-stock Dow Jones Transportation Average on Monday and replaced by Roadway Services. Pan Am has been part of the transportation average since 1970, when the index was changed to include a wider range of stocks after being composed solely of railroad company stocks.

Among other featured issues, Battle Mountain Gold slid 1/4 to \$14 1/2. The issue has been active all week, following the company's Chapter 11 filing for bankruptcy protection on Tuesday.

Alcatel-Alsthom, the telecommunications and electronics firm, was active, falling 1/4 to \$77 1/2 from \$78 1/2. The fall followed reports that a broker had negotiated a \$1.6 billion sale of the company.

Agencia Havas lost 1/4 to \$49 1/2 from \$50. The issue has been active all week, following the company's Chapter 11 filing for bankruptcy protection on Tuesday.

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## Institutions bide time as competition for money grows

Volume has not yet improved and analysts warn of further selling in March, writes Robert Thomson

AFTER their severe punishment in 1990, Japanese financial markets are looking for any positive sign, but rumour, no matter how flimsy, to turn attention away from the potentially disastrous impact of a Gulf war.

The stock market has risen for the past three days, and a bullish bond market has already discounted a peaceful settlement and a hoped-for one percentage point fall in the Official Discount Rate (ODR).

In the banking sector, a number of issues moved lower. Citicorp fell 1/4 to \$54 1/2, Chase Manhattan lost 1/4 to \$10 1/2 and Bankers Trust eased 1/4 to \$42 1/2.

In the secondary market, Lin Broadcasting plunged 5/8 to \$54 1/2. An analyst at Bear Stearns reiterated an "avoid" rating on the issue. Shares in McCaw Cellular Communications, which holds a 52 per cent stake in Lin, held steady at \$17 1/2.

The news that Soviet paratroops had stormed the Lithuanian state defence department headquarters also shook the market.

The composite index tumbled 11.0 to 3,185.9. Declines led advances by 205 to 160 on volume of 9m shares.

All basic sectors have been adversely affected by the Middle East and the recession, said Mr Ira Katzin, an analyst with Richardson Greenfield of Canada.

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But where there is optimism, there is still very little money. Volume so far this year has averaged 216m shares a day, continuing the sluggishness of last year's trading which brokers had hoped to leave behind with the coming of a new year.

Mr Robert Zielinski, of Jardine Fleming Securities, says that the most basic problem for the market, regardless of the Gulf, is that there is no money around. He says that an enduring recovery in stock prices is unlikely even if the conflict is resolved peacefully, and that the market remains trapped under its own weight.

There is concern that the close of the financial year in March will bring heavy selling of stocks, as institutions attempt to make the books look a little better in what has been a particularly tough year.

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It could gain in the next couple of months, before falling to a figure as low as 20,000. By that time the market will probably be beyond the present problems and be looking forward to a better performance

Interest rate-sensitive stocks, including the steel and utilities, have improved recently on talk of an ODR cut, but financial stocks have remained unwanted. Investors have yet to be convinced that Japanese banks have overcome problems, such as overexposure to a softening property market.

The Soviet Union is another popular market theme, with President Mikhail Gorbachev

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But Mr Philip Dodds, head of research at S.G. Warburg Securities, is confident that the Nikkei index, which closed yesterday at 23,241.02, could rise to over the next few months with encouragement from an improving interest

requirements, and weakness in the US banking sector.

NTT fell 1/4 to \$948,000 after falling below \$930,000 earlier. Investors who bought the issue late last year on expectations of lower interest rates continued to sell.

Honsha Paper, a favourite speculative stock, was the most active issue of the day, falling 1/4 to \$1,240.

In Osaka, the OSE average gained 159.34 to 24,202.50 on volume of 46m shares.

NEW ZEALAND recovered after three days of sharp falls. But an announcement by the central bank that it intended to raise interest rates to combat inflation capped the gains.

The Barclays index fell 1/4 to 1,171.11, but was down 3.5 per cent on the week. Turnover eased to NZ\$8.9m from NZ\$9.6m.

A FIRMER Tokyo close led much of the Pacific Rim higher yesterday, although many mar-

kets fell on the week.

TAIWAN fell on a late spate of selling. The weighted index slid 152.3 or 4 per cent to 3,655.91, down 16.3 per cent over the week.

SEIOL fell sharply for the second day as stabilisation fund failed to support prices. The composite index closed at 627.7, down 7.75 on the day and 10 per cent lower on the week.

Volume was moderate at Wm197.1bn after Thursday's Wm156.1bn.

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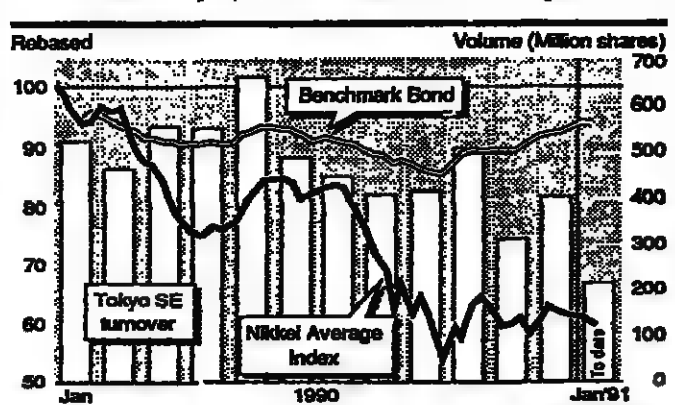
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## EUROPE

## Bourses go into reverse after Soviet move

THE MOVE by Soviet troops on key installations in Lithuania ended yesterday's hopes of a recovery in equities after reports of a return of buying interest on some bourses.

After opening 7.92 higher at \$1,494.04, down from the day's high of 1,528.06, and fell 3.4 per cent over the week. Turnover was modest.

Alcatel-Alsthom, the telecommunications and electronics firm, was active, falling 1/4 to \$77 1/2 from \$78 1/2.

Agencia Havas lost 1/4 to \$49 1/2 from \$50. The issue has been active all week, following the company's Chapter 11 filing for bankruptcy protection on Tuesday.

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Agencia Havas lost 1/4 to \$4



**BUILDING, TIMBER, ROADS**  
Cont'd

[illegible]

## ELECTRICALS – Cont

## ENGINEERING – Contd

## INDUSTRIALS (Miscel.)

### INDUSTRIALS (Miscel.)—Contd.

[illegible]

17 Thompson Bardez 10p . y	18 +1	2.5
203 Wardle Storres 10p.. y	213 -1	15.0
124 Westworth 10p . y	13 ...	1.0

[illegible]

## DRAPERY AND STORES

[illegible]

## BUILDING, TIMBER, ROADS

338	Forminster 10p ... Y	341	.....	110.22
29	French Connection Sp. Y	33	+1	2.7
	French Connection Sp. Y	33		4.0

[illegible]

## ELECTRICITY

135	Eastern Elect 50p...	135	1	1
141	Ez Markets Elect 50p...	146	2	1/2
136	London Elect 50p...	144	1	1
130	Marmesb 50p...	168	1	1/2
136	Midland Elect 50p...	140	1	1
137	Northern Elect 50p...	146	1	1
143	Norweb 50p...	187	1	1
142	Ork Elec Pwr Unit...	1465	1	1
137	Seaboard 50p...	137	2	1
139	Southern Elect 50p...	141	1	1
134	Sz Wales Elect 50p...	187	1	1
138	Sz Western Elect 50p...	140	1	1
137	Yorkshire Elect 50p...	180	1	1

## ENGINEERING

[illegible]

## HOTELS AND CATERERS:

66	336Albany State Sub. -	36	40.75
67	311City Centre Rest. -	39	1.27
68	104Countryside Lats. Sub.	14	0.9
69	205FRIENDLY Hotels 100	308	19.35
70	111Hudson Lanesville -	127	1.07
71	1011Hwy 100 -	234	1.97
72	206Hornet 100 -	237	1.97
73	274Landon General Sub.	238	1.0
74	205Peterson Grp 200 -	239	1.0
75	16Principal Hotels Sub. -	240	12.28
76	1000Riverside Sub. -	241	7.6
77	174 Dr. Joe C Pl 100 -	242	4.5
78	105Riverside S (Hwy) -	243	3.25
79	223Rental Hotel Grp 20	244	7.9
80	43Riverside Hotels Sub. -	245	2.7
81	433Riverside Hotels 50 -	246	2.7
82	2000Riverside Sub. -	247	19.4
83	411Stacy 100 -		
84	2107Hornetville Farm -		

**INDUSTRIALS (Miscel.**[illegible]

## INSURANCE

[illegible]

## LEISURE

[illegible]

## MOTORS AIRCRAFT TRADES

[illegible]

هكذا من الأصل



## LONDON SHARE SERVICE

■ Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-825-2128

## MOTORS, AIRCRAFT TRADES - Contd

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
429	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
430	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
431	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
432	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
433	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
434	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
435	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
436	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
437	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
438	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
439	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
440	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## Garages and Distributors

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
441	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
442	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
443	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
444	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
445	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
446	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
447	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
448	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
449	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
450	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## NEWSPAPERS, PUBLISHERS

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
451	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
452	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
453	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
454	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
455	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
456	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
457	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
458	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
459	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
460	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## PAPER, PRINTING, ADVERTISING

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
461	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
462	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
463	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
464	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
465	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
466	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
467	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
468	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
469	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
470	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## PROPERTY

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
471	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
472	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
473	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
474	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
475	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
476	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
477	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
478	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
479	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
480	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## PROPERTY - Contd

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
481	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
482	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
483	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
484	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
485	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
486	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
487	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
488	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
489	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
490	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## SHOES AND LEATHER

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
491	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## SOUTH AFRICANS

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
492	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## TEXTILES

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
493	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
494	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
495	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
496	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
497	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
498	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
499	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
500	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## TOBACCO

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
501	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## TRANSPORT

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
502	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
503	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
504	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
505	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
506	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
507	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
508	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
509	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
510	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## INVESTMENT TRUST

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
511	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
512	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
513	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
514	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
515	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
516	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
517	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
518	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
519	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
520	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## INVESTMENT TRUST - Contd

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
521	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
522	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
523	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
524	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
525	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
526	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
527	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
528	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
529	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
530	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## FINANCE, LAND, ETC

1990/91 High Low	Stock	Price	Δ	Δ%	Div	Yield	Div	Yield
531	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
532	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
533	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
534	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
535	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
536	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
537	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
538	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
539	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00
540	20000000	1.00	0.01	1.0	0.00	0.00	0.00	0.00

## WATER

90000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10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# Weekend FT

SECTION II

Weekend January 12/January 13 1991

## How the West will win the war

**W**AR IN the Gulf, in the next few weeks, will be a major conflict in historical terms. The Americans had higher peak strengths in both Korea and Vietnam, but the magnitude of the forces deployed by presidents Truman and Johnson are comparable to those sent to the Gulf by Bush.

Allied forces in the Gulf, with reinforcements still joining them, total well over 500,000. In Vietnam, the Americans, at their maximum, had 600,000 troops in the field. In Korea, at the most dramatic period 10 months after the war began, the great Chinese Fifth Phase Offensive of April 1951, 700,000 Communist troops drove against 420,000 United Nations Command defenders. For much of the war of attrition which ensued at an all too bloody intensity from November 1951 to July 1953, the UN Command held the front, some 130 miles across the Korean Peninsula, with 16 divisions in the front line. In the Gulf a front of about 200 miles is manned by some 10 allied divisions or equivalent forces.

While there are similarities in terms of scale between the Gulf confrontation and the US's two biggest wars of the post-1945 period, there are important differences. First, the allies are not fighting an enemy which has the support of an inviolable great power across an adjoining frontier. Second, the accuracy and intensity of the available firepower on both sides is far greater than in either Korea or Vietnam, and there is virtually no cover for ground forces advancing to the front.

Third, the war, if it comes, will be conducted in the heart of one of the world's greatest concentrations of natural resources. Fourth, for all the talk of Vietnam having been the television war, satellite technology, more professional journalistic techniques and the broader international penetration of television will involve mass opinion around the globe in a way that no other conflict has yet achieved.

A war in the Gulf will be a flash in the pan compared with the duration of the Korean and Vietnam wars. Saddam does not have a powerful ally waiting to rescue him as the Chinese saved Kim Il Sung in 1950.

Saddam cannot even count on friendly logistic backing against the Americans. Saddam is isolated; enemies abound on every side except

for weak Jordan, and on the other side of Jordan stands Israel. Shamir will respond like a tiger if he feels that Israel's security is threatened in any way by Saddam.

It is conceivable that the Iraqis could prove a wild card, but such a turn around is extremely unlikely. For the first time since 1945 the Americans seem to have a major enemy isolated diplomatically, economically and militarily.

The Iraqis may prove capable of resisting for several weeks the onslaught which will be delivered against them. If they were a really good army, like the Wehrmacht in 1944, they could successfully fight a bloody series of delaying battles, falling back from prepared positions to prepared positions. But the Iraqi performance in mobile operations against the Iraqis suggests that they are not in this class.

The combat operations we are likely to see will be over in a matter of weeks, not years. This is not to say that US and allied forces will all be able to return home then. There will be a prolonged period of mopping up the defences of Kuwait, or of attempting to put together the pieces of a shattered Iraq. There may be a sustained, low intensity terror campaign waged by Saddam's supporters against the west. But unlike Korea and Vietnam, there should not be a long period in which Americans and their allies are dying in large scale military operations for no apparent change in the outcome.

Although a Gulf war would be much shorter than the Korean and Vietnam wars, it stands to surpass them by far in terms of intensity. The Korean War caught Americans and their allies unaware and it was not until mid-1951 that they were able to develop their full concentration of air power. The commitment in Vietnam was gradual and much of the enemy's operational and logistic facilities were protected by dense jungle.

In the Gulf a mighty force has been concentrated, poised to strike a devastating series of blows, and it will not be hard to see where the main targets are.

The opening phase of a Gulf war will be a dramatic aerial bombardment, probably not as pulverising as the air power used in Korea, but it will look spectacular and allied losses should be light.

It will still be necessary to send the ground forces in to close with and overcome the Iraqi defenders.

We have no idea as to what their condition will be. The Iraqis will fight with more determination under the force of the aerial onslaught, but the doggedness of the Iraqi defence against the Iraqis suggests that a good number will come out fighting when the allied ground attack goes in. Then it will be the allies who lack cover from the accurate weapons of dug-in defenders. The close fighting which follows promises to be the bloodiest phase of the conflict.

**I**n contrast to Korea, where the enemy held a line from coast to coast, Saddam can not close off all of his 600 mile frontier with the Saudis. He has a defensive line which runs inland some 200 miles. It then becomes very thin. In other words his position has an open flank and there is potential for a war of manoeuvre which did not exist in Korea.

His other flank, on the Gulf, may be taken by amphibious assault. This may prove costly to the attackers but the double envelopment strategy offers very interesting possibilities for penetrating the Iraqi rear areas and isolating the greater part of its army in its forward defences. General Schwarzkopf, chief of US Central Command, has an opportunity for carrying through a Napoleonic strategy of holding the Iraqis on the southern front while concentrating an intense allied force against the enemy rear. If the



allied operations are well conducted, they stand to be a textbook example of battlefield strategy for decades.

Because the conflict is essentially about the control of oil and the war will be waged through an oilfield, there will also be an economic impact. Both the Korean and Vietnam wars had powerful effects on the world economy. The commodities boom of the 1950s transformed the prospects of resource producing countries.

Lyndon Johnson's refusal to pay for the Vietnam war through increased taxation led to severe inflation, a weakening of the US position internationally and the cutting of the Great Society programme inside the US.

The Gulf conflict has sent up the price of oil, and it may be driven higher in the heat of battle. But unless the Iraqis can find some way of striking at the Saudi oilfields, not enough oil production will be lost through battle to have a dramatic effect on prices. More important economically will be the subsequent impact of the conflict on general Gulf security.

A war in the Gulf promises to have a major impact on public opinion. President Bush will not have to bear the heavy burden of his predecessors in Korea and Vietnam, that of mass disapproval of administration policy, during the war itself. But he will surely face it afterwards unless, contrary to Pentagon expectations, his forces achieve a swift and relatively painless victory.

A defeated Saddam, particularly a

like Korea and Vietnam, it will heighten public reluctance to undertake further such commitments. What will happen to the notion of collective security in the west? It will be much harder for NATO and the Western European Union to play a new role "out of area".

The message will be given clearly to the rest of the world: "If you get into military trouble, get yourself out of it, at least as far as combat forces are concerned." The west may help with advice, intelligence and technological support. It will be extremely reluctant to spend the lives of its own citizens for any objective other than direct defence against aggression aimed at the national territories of its members' states.

American public opinion is likely to react even more sharply than European to the casualty list from the Gulf, because it will be so heavily American in composition. What are we doing? many will ask. "bearing these casualties when it is the Europeans who are much the more dependent on peace in the Gulf? Why should we keep forces in Europe now that the Soviet threat has receded?"

Reactions among the US's Arab allies may be less vocal, assuming that the situation is light. But after the tension and excitement of gearing up for the Gulf, many Arabs will question the wisdom of standing so closely with Israel's protector.

A defeated Saddam, particularly a

**The battle may be short, but can the allies win the peace, asks Robert O'Neill, the Oxford University professor of war history**

Post-conflict analysis will be searching and merciless. It will, for the most part, be conducted after the adrenalin induced by the war has faded. Then the allies will actually suffer will weigh more heavily than the potential losses now.

Mass audiences, particularly in the west, will be asked to weigh the thousands of casualties against the hypothetical costs of having waited until the conflict took effect or Saddam was toppled by his own people.

Not all these comparisons will be fair; nonetheless, they will be made, passionately and even brutally. New currents of public opinion will flow, raising new political problems for leaders whose self-confidence will be under challenge.

Even if western and allied casualties are light in military terms — half of 1 per cent, or 3,500, killed and a per cent, or 10,000, wounded — western leaders will ask hard questions. They will focus not only on what, by then, will be history. They will also be forward looking.

Tens of millions of westerners will ask for justification of national defence policies which cost a substantial fraction of their gross domestic product and resulted in the spending of thousands of lives for objectives which, arguably, could have been secured in other ways.

A Gulf war is not likely to trigger an outbreak of pacifism, given the brutality of Saddam's actions, but,

favourable image. "What will we do?" and "Why did we do it?" many will ask of their leaders as waves of uneasiness sweep through public debates. In that atmosphere, putting together a new security structure, compatible with western interests, will be all the more difficult.

Should the Iraqis collapse, and the allies gain a victory at very little cost, the US will be asked for a brief while at least and Bush will emerge with enhanced status, as did Margaret Thatcher after the Falklands. However, the chances of this outcome are all too low.

Not so improbable is the even cheaper scenario in casualty terms, in which Saddam surrenders to the US by rapid withdrawal from Kuwait. In this situation western public opinion will criticise Bush for assembling such a vast force in the Gulf when the prospects of his being able to use it were far from certain.

Like Korea and Vietnam, a war in the Gulf will be bound to have important consequences for the region. For more than 40 years the Korean peninsula has been divided. Indo-China has been the scene of turmoil for even longer.

We should be prepared after a Gulf war to face a long and uncertain period as a new system of regional security is built. Even a beaten enemy, as Saddam almost certainly will be, can have a long after-life.

## Takeovers are too much of a luxury

**LIKE LORD** of the manor, suitcases, companies are more readily bought when they are expensive than when they are cheap. Perhaps it is because, as with monogrammed leather luggage, they are status symbols for the rich and ambitious.

London's takeover industry has faced a grim New Year. The expensive merchant bankers and lawyers who have developed the contested takeover bid to a fine art have been reduced to fiddling their thumbs and shuffling their client lists. A \$40m scrap which developed this week over Telfos, a Leeds rolling stock manufacturer, is small beer — even if it should develop into a two-way battle.

No doubt corporate finance departments can keep themselves ticking over with a diet of restructurings and European link-ups. But the income earned from such deals is puny compared with the huge success fees awarded by the grateful acquirers of companies in late 1980s bid battles. There could be a silver lining: the megadeal merchants may have more time to read the transcripts of the forthcoming Blue Arrow and Guinness trials.

The boom time prices that were paid by bidders often now seem incredible. There was a reminder this week from TSB, which paid £220m for Target, the life assurance company, in 1987 (in an agreed, rather than overvalued, offer) but has now more or less given it away for nothing.

When, in the 1980s, companies had a bad year, failed to increase their dividend hand-

somely or dared to ask shareholders for money through a rights issue there were immediate stories of takeover threats. Merchant banks would tout propositions around their circles of acquisitive clients, companies would be put "into play" and the lucrative game would be begun. Now, when the number of genuine opportunities is vastly greater, the activity is almost nil.

One explanation is that during a recession managers are forced to focus on running their own companies. Almost all British businesses are now engaged in a major cost reduction exercise; they must find ways of staying profitable in conditions in which demand seems likely to remain very low for an extended period. In good times businesses almost run themselves, and top managers can devote themselves to grand strategy. But right now takeovers, whatever their long-term potential, could prove to involve a dangerous diversion of top-level human resources.

Nothing was better for the image of a chief executive in the late 1980s than to build up a reputation as a clever deal-maker. But the takeover wizard is nearly all but dead. These days do not put his head too far above the parapet: his own share price might suffer, any more than Van Gogh's or American Cyp con-

Another reason for the takeover famine, after all, is that

### The Long View



Barry Riley

**In the space of little more than a year the takeover business in London has moved dramatically from unprecedented boom to unparalleled decline**

the risks are simply much higher in a recession. When an ailing, but basically sound, business is acquired during an economic boom it can be assumed that it can be turned

around. At worst, parts of it can be sold off to other companies which have more expertise. But in a slump there is vastly more opportunity for unpleasant surprises. Businesses may prove not to be as valuable, and mistakes will not be covered up by rising asset prices — certainly not when war could be declared any minute.

Statistics show the dramatic scale of the change. In 1987 and 1988 the number of acquisitions by industrial and commercial companies in the UK was running at a quarterly rate of almost 400. By the third quarter of 1990 the number was down to 116. As for aggregate expenditure on acquisitions, this was running at an annual rate of over £10bn during the first nine months of 1990, against £1.5bn for 1989 as a whole.

If you look at the net spending by the company sector on UK company securities, including here the effect of the unleashing of strategic stakes, the turnaround appears even more remarkable. The company sector splashed out £12bn on corporate paper in 1988 and £18.5bn in 1989. This expenditure was a primary factor in the growth of the sector's net borrowing requirement to a peak £32bn in 1989. But the corporate spending spree had to end. During 1990 the stock market cracked and credit began to be crunched.

By the third quarter of 1991 companies were actually sellers of securities, although there was still net acquisition of £1.4bn for the nine months

January-September. Investment abroad has also collapsed from £4bn a quarter to almost nothing.

The drastic response has served to trim the company sector's net borrowing requirement to an annual rate of about £15bn in recent quarters. It would be less, but companies are still running a serious underlying financial deficit of nearly £30bn a year because profits have fallen while interest payments, dividends and capital expenditure all have been shooting upwards. Companies will take a little longer to get their fundamental adjustments which will eliminate the deficit. But their first step has been to stop spending on acquisitions and trade investments.

No doubt a number of other bottom fishers will emerge, like the Axa Midi subsidiary Equity & Law, which is buying Target. Yet it will be a very long time before we see any repetition of the torrent of banking credit which financed many of the round of takeovers. In theory we could see a revival of takeovers by shares, which funded 60 per cent of bid expenditure in 1988 and 1989, but only 13 per cent in 1989. However, many of the 1990s deals turned out to be almost instant disasters, giving the whole merger game a very bad name. Bidders could find it tough to persuade their institutional shareholders to approve the necessary increases in share capital.

It is going to be a hard winter in corporate finance, and spring may be very late.

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THE BEST OF BOTH WORLDS

## A NEW OFFSHORE HIGH YIELD EUROPEAN BOND FUND

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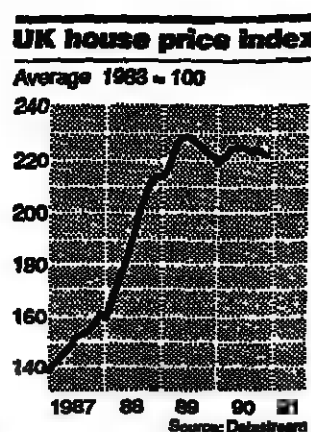
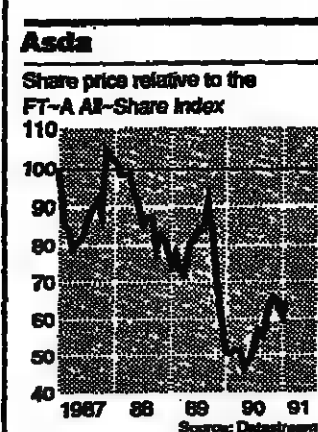


## MARKETS

LONDON

## Watching and waiting

## FINANCE &amp; THE FAMILY: THIS WEEK



## Glimmer of hope for the housing market

The housing market is showing overdue signs of recovery, according to the Building Society's monthly survey. The survey suggested that in London and the south house prices rose for the first time in two years over the final quarter of 1990.

But nationally the trend was still flat and depressed. Prices dropped by 0.3 per cent during December, leaving a total of only 0.1 per cent rise for the year. The Halifax tentatively predicts a recovery of around 1 per cent in house prices nationwide in 1991, but only if interest rates are cut to at least 11 per cent in the next few months. **John Authors**

## Bullish Asda trading statement surprises market watchers

Share in Asda had a turbulent week, rising by around 5 per cent in spite of a substantial cut in interim profits, down 22m to 561m. Market watchers were surprised by a bullish trading statement released by the company after the results, which blamed continuing losses on a 30 per cent cut in its buy-in Gateway stores in 1990.

Underlying operating profits were up 30 per cent. Asda's figures were no worse than expected, and so analysts' predictions of full-year profits of £100m remained unchanged, although the implied earnings per share are cut to 1.1p. **JA**

## Framlington launches new high-income PEP

Framlington, the fund management group, has launched a new high income personal equity plan, which will invest conservatively in blue-chip equities.

Managed funds are put as high as a proportion of the plan as the law allows in specialist investment trusts, particularly income funds. Framlington accepts that the outlook for dividends in 1991 is uncertain.

The group hopes for a yield of 8 per cent. The management charge is 0.5 per cent of the initial investment, with an annual charge of 1.5 per cent of the value of the plan, and dealing commission of 0.2 per cent. **JA**

## Scottish EZT launch sponsored

Midland, the middle-class, has sponsored the launch of the first Enterprise Zone Trust to be formed in Scotland. Investments in enterprise zones carry 100 per cent tax allowances, making EZTs very tax-efficient for top earners.

The Midland EZT will buy shares in a Dundee office block which has been put up for sale by the Inland Revenue and HM Customs & Excise. This means income from rent should be steady.

Loan arrangements have also been made with the Royal Bank of Scotland so that an initial investment could be made with virtually no cash outlay - 40 per cent of the investment would come in the form of a loan, and the balance 60 per cent would come from the loan.

Interest on the loan also qualifies for tax relief. Minimum investment is £5,000, and there is no maximum. **JA**

## Advisers face fee rise

Independent financial advisers face a substantial rise in their regulation fees for the next financial year starting April 1.

The Securities and Investments Board is putting up its fee required by the Financial Intermediaries, Managers and Regulatory Association by 10 per cent to £2.5m.

The fees required by Fimra from its members to cover its own operating costs could well rise by this amount and the number of Fimra firms has increased over the past year by 9 per cent from 113 to 124.

Even if no more member firms leave and become tied agents or switch to Imro (Investment Managers Regulatory Organisation), advisers can expect fees to rise by 25 per cent. **IFM Staff**

## INSIDE...

## Guarantee for US deposits

Do you have a bank account in the US? Are you worried by the steady flow of reports about bad debts and bank failures in the US? Sunday's government guarantee of 300-branch Bank of New England? If you are a depositor in a US institution, then relax: you are in good company, says Alan Friedman. **Alan Friedman**

## Balance in secret

The secret of long-term investment performance still seems to be a balanced spread of equity holdings. That is the lesson of an analysis of long-term unit performance, writes Philip Coggan. **Page IV**

BRIEF CASE: The onus is a bonus: Page V

IT WAS a week spent watching peacemakers going President George Bush's "extra mile for peace."

Last ditch talks between James Baker, US Secretary of State, and Tariq Aziz, his opposite number in Iraq, came and went. They were followed by a final United Nations effort to persuade President Saddam Hussein that the coalition was serious about using arms if necessary after the UN deadline expires on Tuesday.

But as Rocco de Cuelar, UN Secretary General, headed for Baghdad, it seemed the marshall had already taken the measure of the UN Crisis, believing more than any politicians that President Saddam meant it when he said "Kuwait is an inalienable part of Iraq."

The first full week of the New Year, started with pessimism about the prospects for the US-Iraqi talks in Geneva and ended with war in the Gulf widely seen as inevitable.

The FT-SE 100 index ended 31 points down at 2,106.1.

On Tuesday the index hit the support level of 2,100.

for the first time since November 13 and only closed at 2,126.5 on Wednesday because the hour Baker-Aziz talks were still being characterised as "substantive."

New York better reflected the markets' to-and-fro on Wednesday, when the Industrial Average rose 11 points in the morning before closing down 39.11 to 2,470.30. A performance followed inversely by all prices.

Against the rising clamour of war preparations, the UK market also had to contend with increasing economic gloom. Prime Minister John Major's statement that the government was "coming to the aid of companies facing growing problems with their balance sheets."

Official figures showed UK company profits registered their steepest quarterly drop in 10 years between September and November, a fall of 7.8 per cent on the previous quarter and down 3.1 per cent on an annual basis. On top of this the retail sales decrease in November

was revised to a larger fall of 1.2 per cent, and new car registrations - that measure of modern well-being - recorded their steepest monthly fall in December.

If there was anyone who thought the new year would bring some respite from woeful company results, they were soon disillusioned by the opening of the banking season. Though unconnected, the US administration's declaration on Sunday that the Bank of New England was insolvent, was hardly a propitious omen.

The TSB, which is the UK's largest bank, the tone by announcing it would sell Target Group, its subsidiary, to Equity and Law, the life assurance company, two years after it bought it for £227m.

Provisions against losses on this sale and disappointing results from the corporate banking side, helped hold TSB to what analysts said were disappointing pre-tax profits of £31m.

An issue that might have been expected to cast bright-

ness on the City - the privatisation of Power-Gen and National Power, the government's two non-nuclear electricity generators - also disappointed.

The government, perhaps chastened by criticism that the City had done too well from the sell-off of the 12 electricity distribution companies last month and that it had set the price too low, set tough guidelines for the February flotation.

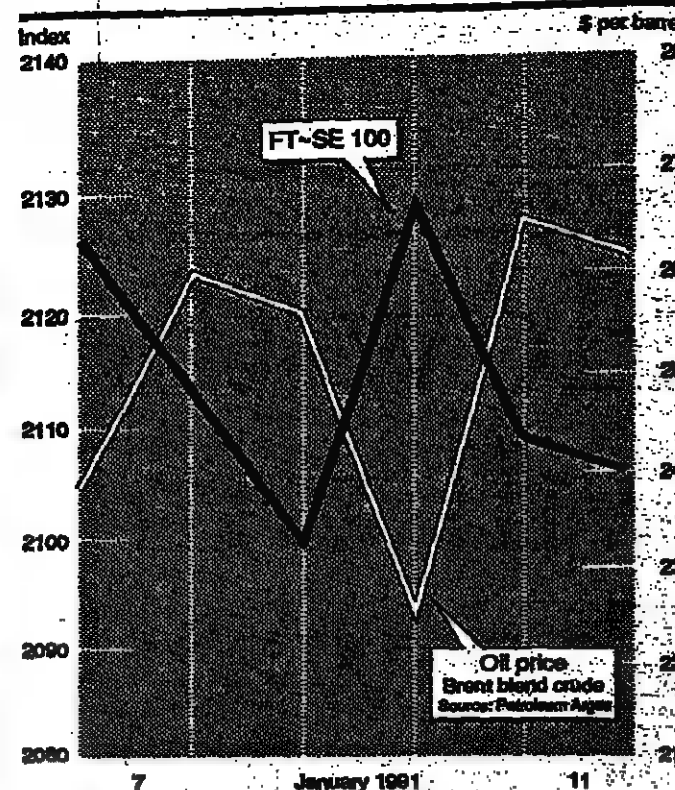
It decided to retain 40 per cent of the companies for a period, reducing the size of the flotation to £1.8bn. And underwriters will be invited to bid for shares at levels above the fixed price at which most of the issue will be sold.

Falling into this pool of despondency came a \$40m bid by William Cook, the Sheffield-based foundry group, for Telford, a locomotive, rolling stock and engineering group struggling with some peripheral investments that have turned sour.

The deal has attracted considerable interest for its size, not only because it is virtually the only hostile bid in town. It also involves an intriguing eastern European angle, with Telford's controlling interest in a Hungarian supplier of rolling stock to the government triggering the possibility of a counter-bid from an Austrian engineering company, Jenbacher Werke.

Also entering the fray was Strategem, the investment company, which launched a £10m bid for Touchstone just as the computer services company had started merger talks with Warrick Holdings, a company in the same sector.

The deal also saw the failure of Rascal Electronics' bid to launch its Government Telephone System, which would have supplied data and voice communications between government departments. The failure of Britain's largest remain-



ing electronics company to agree a price with the government has further complicated plans for the merger of Rascal Electronics announced last year by Sir Ernest Harrison, the chairman.

While one big City name was announcing some bad news for its future, another revealed how it planned to extricate itself from its past troubles. Saatchi and Saatchi, the troubled advertising group, launched a reconstruction plan involving the replacement of £31m of preference shares with new equity.

The dilution is unlikely to please Saatchi's ordinary shareholders who might view the plan as too favourable for the company's banks.

Then loyal and long-suffering shareholders at Norton Group, the maker of some of Britain's most famous motorcycles, heard further bad news on Monday with the announcement that the Department of Trade and Industry had launched an investigation, Mr Philippe Le Roux, later

resigned as chief executive, after failing to pay for some Norton shares purchased on his behalf.

But this week's price for Nevada must surely go to the merchant bank S.G. Warburg for the timing of its \$20m rights issue on behalf of London International Group.

Having assessed the Gulf uncertainty, Warburg decided it was still the right time to refinance the rubber-to-plastic copying-products group's debt in order to secure future growth.

Second prize in the Nevada contest must go to S.G. Warburg Securities for its clever decision that in spite of the Gulf storm and the economy, "equity valuations are looking increasingly tempting on any longer term view."

Or perhaps not. Maybe their analysts have resurrected the Rothschild idea that you should sell on the rumour of war and buy when shots are fired.

Richard Gourlay

## SMALLER COMPANIES

## New guides, old worries

FROM THIS week, the Financial Times will be publishing the two key indices which track the performance of smaller companies every Saturday.

The aim, at this gloomy point in the cycle of small company performance, is to give a guide to those investors who have remained with the sector or who are still hoping for an upturn.

The House of Commons range of indices have been based since January 1987, although figures have been produced back to 1955.

The principal index (HSCS), which we shall be quoting, has as its constituents the group of companies which together make up the lowest tenth of value of the main UK equity market. At the start of 1990, this meant there were some 1,500 companies, or nearly three quarters of all main market groups, contained in the index.

Although House's figures confirm the long term outperformance of small companies, the index has risen less than 1 per cent from its base of 1,000 in 1987.

County's range of indices was launched at the end of December 1987 and include all stocks with a market capitalisation less than the qualifying limit - currently around £12m.

The main index - the combined smaller companies index (CSCI) was launched in December 1987 with a value of 1,000. Its month end peak was reached in July 1988, when it hit 1,327.8, but then followed a sharp decline. The index had dipped below 1,000 by the end of August 1989 and below 900 by the end of September. As the table shows, at close on 10 January the index stood at 822.3.

Even that slump does not show the full horror of small company underperformance. Included in the main CSCI are several small investment trusts. These trusts tend to be invested in large company stocks and thus their share prices do not behave in the same way as those of other small companies. So County has also constructed a CSCI (ex-investment trusts) index, which from its base of 1,000 in December 1987 has fallen even further - to 790.

For comparison, the FT-A All-Share index has risen over the same period from 870.3 to 1,013.8, while the FT-SE 100 has risen from 1,727 to 2,106.7.

Long-suffering Unlisted Securities Market investors will probably not be surprised to learn that they have come out worst of all.

County also produces two indices, separating the main market from the USM smaller companies; while the former has fallen to 843.9, the latter has plunged to 703.

## Dec. 10 Indices

	1000 = 1	1987 = 1
HSCS	822.3	-17.4
CSCI	822.3	-17.4
CSCI (ex IT)	790	-17.4
CSCI (ex IT)	790	-17.4
CSCI (ex IT)	790	-17.4

Including ITs

Capital gains index

While the FT will be publishing only the main CSCI index on a regular basis, we will keep a close eye on the other indices and alert readers to any notable developments.

The notable development that most investors will want to see is a recovery in small company shares. There was only limited cheer on that score this week from a survey of the sector by analysts at Phillips & Drew.

Phillips & Drew's team feels that small to medium company shares do not offer good value yet in aggregate.

However, the team points out that in the 1979-82 economic downturn, the consumer goods sector held up better than the capital goods sector through the downturn, and came out of the recession more quickly. Thus P & D believes there is value in some consumer-related small company stocks.

"We believe the 1990s' time for stock selection is the ability to see the business to grow organically," says the P & D circular. Accordingly, it favours companies with experienced management and prudence in their financial accounting.

"In summary, whilst we expect continued difficulties in the trading outlook for small to medium companies, particularly during the first six months of 1991, we would be looking to buy selectively into the pain. Our view is the greater the pain, the more aggressively we buy small to medium companies."

Private investors might take a tip from a survey of institutional fund managers conducted by Brunswick Public Relations. The survey of 30 smaller company fund managers found that the measures of performance they watched most closely were the price/earnings ratio and the gearing level. However, the funds also looked at interest cover, net asset value versus share price and the size of stake held by management.

When asked for sectors they found currently most interesting, many managers were reluctant to answer on the grounds that they adopted a stock-picking rather than a sectoral approach.

However, more than half the managers said that they were currently avoiding the property sector.

Phillip Coggan

## HIGHLIGHTS OF THE WEEK

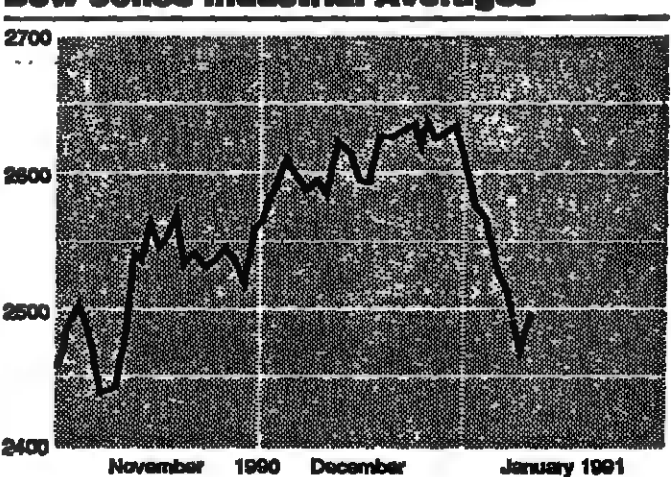
	Price	Change	1990/91 High	Low	
FT-SE 100 Index	2106.1	-30.0	2463.7	1990.2	Gulf uncertainties
ASDA	122	+8	157	87	Upbeat interim statement
Blue Circle Ind.	203	-18	271	163	Weak after cement price rise
Burnham Control	481	-17	686	377	Analysis out profits estimates
Crown Comms.	36	-15	267	36	Worries ahead of figures
Dixons	142	+8	182	119	Strong half-time result
Gowrie	152 1/2	-13 1/2	208	121	Analysis out profits estimates
Hemmerson	587	-43	808	378	Minor downgrade
London Int'l	144	+8	182 1/2	133	BSW 'buy' recommendation
London Int'l	208 1/2	-29 1/2	254 1/2	189 1/2	Highly bullish raising £51.5m
London Int'l	189	-15	404	184	Low debt foreign/US, high growth
Saatchi & Saatchi	23 1/2	-11 1/2	378	28	Reorganisation plans
Standard Chartered	210	-36	315	172	Plans of a £1 billion bid
Telford	210	+31	228	88	Possible counter to Wm. Cook bid

\*Adjusted for rights issue.

## WALL STREET

## The only news is war news

## Dow Jones Industrial Averages



The question now is to what extent a Middle East war is already factored in to US share prices, which would limit a further plunge on an outbreak of hostilities or produce a sharp rally in the event of an Iraqi climb-down.

The market is at least partly discounting a short, sharp war in which US military firepower would rapidly overwhelm Iraq and mean little disruption to oil supplies. But that seems unlikely to prevent a further steep drop in equity and bond prices, though possibly of fairly short duration, if hostilities appear imminent or do break out. War is messy, information tends to emerge from the battlefield slowly, and jittery markets move fast on rumours.

Would any such plunge provide a great buying opportunity? That would depend in part on whether the fight was indeed short and sharp, and partly on the prospects for the recession-hit US economy, with or without war.

Corporate America's latest financial reporting season gets under way next week and it could produce some nasty shocks, putting further downward pressure on equity values. It is a grim coincidence that Chlorco, the largest of the New York money centre banks and a business with a very problematic loan portfolio, will be announcing its 1990 results on Tuesday, Middle East deadline day.

The Federal Reserve's increasingly aggressive easing

will go some way to alleviating corporate America's difficulties. This week's cut in the key Fed funds rate, from 7 per cent to around 6%, surprised some analysts, who had interpreted recent employment data as suggesting that recession might be short. However, the Fed is reported to have moved after seeing figures showing very sluggish growth in money supply, indicating a further slowdown in bank lending.

The reasons for the credit crunch were graphically underlined on Monday when Bank of New England, the second largest bank in the Boston area, filed for bankruptcy after Federal regulators declared it insolvent. BNE failed because it was horribly over-exposed to the recession-hit property sector. But scoring property portfolios are causing most banks down the Eastern seaboard to restrict credit.

BNE has been so long dying - the writing first appeared on the wall a year ago - that its demise had little effect on the markets. The same was true of Pan Am, once synonymous with glamorous international air travel, which filed for Chapter 11 bankruptcy protection from its creditors on Tuesday.

The move will give the cash-strapped airline a breathing space to restructure its finances and try to complete the controversial sale of its London routes to United Airlines. But its creditors want to hear that sale, and a motley collection of vendors has gathered around the faintly breathing body in search of juicy parts. *Sic transit gloria mundi.*

Monday 2622.77 - 42.38  
Tuesday 2599.00 - 12.26  
Wednesday 2470.2 - 39.11  
Thursday 2498.78 - 28.46

Martin Dickson

## COMPANY PROFILE

## A Kalms influence in the retail sector

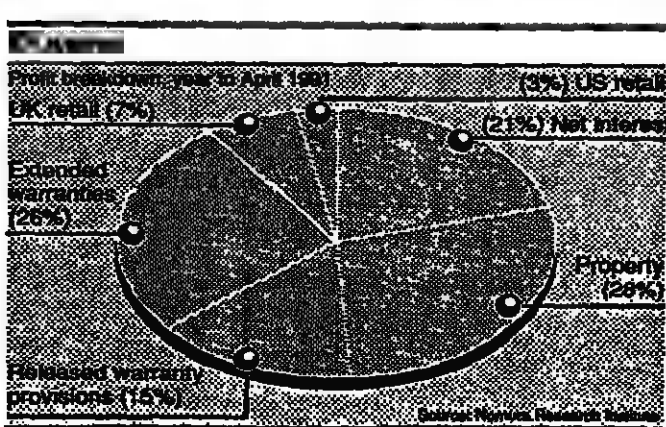
STANLEY KALMS, chairman of Dixons, pepped up a depressed retailing scene this week by suggesting that the electrical retailer's recent sales pattern indicated it was emerging from recession.

This was surprising for two reasons. First, Kalms made the suggestion at the same time as he presented a sharp drop in Dixons' interim pre-tax profits from £32m to £27.3m.

Second, the statement came as other retailers and government statisticians have been reporting that the high street trading climate has been deteriorating.

Kalms is a great believer in the cyclical nature of the retail market and he argues that because Dixons was one of the first retailers to encounter tough trading - in 1987 - it will be one of the first to emerge from it.

Kalms says that since August the company's sales have shown a consistent upward trend. He says the substantial restructuring of



taken place at Dixons in the last few years will allow it to take advantage of this upturn to the full.

At the end of the half year, Dixons had 347 electrical stores under the Dixons logo. These stores mainly sell "brown" goods such as audio equipment and televisions but have recently achieved strong sales of new products such as cam-

corders, portable compact disc players and home computers.

Dixons also owns the Currys chain, which it bought in 1984. This now has 443 stores trading in the high street and 90 superstores trading in out-of-town locations. These stores offer a higher proportion of "white" goods - such as fridges, ovens, and washing machines but because these

are more closely related to the weak housing market their sales have been depressed in the past few years.

During difficult trading times, Dixons has made very little money on selling electrical goods, and indeed in the half year probably made a small loss (the company no longer breaks out the source of its profits).

The main money spinner for Dixons' UK retailing division comes from the sale of customer warranties, which are effectively insurance policies for the company's sophisticated electrical goods. Some 600,000 policies were sold in the half year.

Dixons has also benefited from releasing the excess provisions it has made against warranty claims. Last year, the company released £10m and it will release the same sum again this year and next.

Dixons also owns 229 electrical stores trading under the Sile name in the US. Sile has fared badly in the retailing

## DIXONS - ESTIMATED PRE-TAX PROFITS AND EARNINGS PER SHARE

	1989	1987	1986	1985	1984
Profits	78.1	102.8	103.1	78.4	57.1
EPS	18.1	19.5	19.5	11.6	8.1

Figures for year to end April

recession that in sweeping the country and incurred operating losses in the six months.

The Supreme chain of 387 photographic shops, acquired in 1986, completes Dixons' retailing armoury, although this business is still establishing an effective presence on the high street.

Dixons' retailing activities are bolstered by a portfolio of good quality properties which are held in several European countries. These have contributed strongly to profits in recent years despite the malaise in the property market.

In the past Dixons has perhaps relied too much on Kalms' leadership. One analyst has described it as "management by intervention" as Kalms has toured the company

kicking underperforming areas of the business into shape.

But Dixons has won praise in the City for appointing senior managers who have paid little attention to retail structures, trading locations, distribution systems, and service.

Despite the changes some retail analysts remain sceptical of Dixons' retound optimism and suggest that the company still has an uphill struggle.

"Dixons has undoubtedly done a lot of impressive work on margins and costs. But according to our economic forecasts the improved trading certainly will not last," says John Smith, of Phillips & Drew.

John Thornhill















## MINDING YOUR OWN BUSINESS

FEW PEOPLE have the idea for a new business thrust upon them in such a traumatic manner as Mike Cooney. He had four toes sliced off by a lawnmower.

Unable to walk comfortably in traditional outdoor footwear, like such as wellingtons and walking boots, Cooney was advised to try a strong - if ugly - all-weather shoe on sale in Britain. The boot, which originated in 1912 with the J.L. Bean Shoe Company in the US, has a waterproof rubber base and a leather upper. It has proved sympathetic to Cooney's misshapen foot.

Impressed, Cooney decided nearly six years ago to set up a company in Harrogate, North Yorkshire, importing a similar type of boot from the Far East. Three years later, the company, Boots Spatz & Shoes, started manufacturing in the UK and last year supplied 25,000 pairs of all-British-made footwear.

On the face of it, the unlikelihood of the footwear market is likely to give any company sleepless nights. Of the 250m pairs of footwear sold in the UK every year, two thirds are imported. Asia provides crushing cost competition. Shoemakers are going bust all the time. Fairfield at Richmond, North Yorkshire, was the latest.

The short history of Boots Spatz & Shoes appears to underline this. It has never made a profit. In the year to October its losses doubled to £58,000 on a turnover of £320,000. Last summer it was brought in, providing up to £230,000 in funding in return for a one-third stake in the company. At the same time, the business has taken a shipper in its own product niche from imported footwear. Millers, the US shoe company, introduced its South Korean made Muckers brand into the UK in 1986 and this year controls 75 per cent of the market. Nevertheless, Boots Spatz & Shoes is brimming with confidence. On the back of a new range of five different styles of footwear and much reduced production costs, it is expecting to increase output to over 40,000 pairs this year, pumping up turnover to around £600,000 and at least breaking even.

Cooney, 50, who also owns a successful optician, came importing boots and is a director of a Toyota dealership, freely admits to mistakes. "We ran it against all the golden rules. We ran it as a hobby. We knew enough about the market and we didn't have an



Cooney (left) and Wright at Boots Spatz & Shoes shoe company

## A walk on the unprofitable side

expert from the industry in the company." It has been a hard learning curve. The business was started with three men, including Cooney, each injecting £5,000 capital with a further £10,000 in total loans to the company. A Barclays Bank overdraft facility of £25,000 was added later. South Korea's London embassy was asked to provide help finding a boot supplier and it suggested Samsung, the South Korean industrial group. Using a sub-contract manufacturer, Samsung began shipping footwear to the Yorkshire company, 5,000 pairs in the first year and 11,000 in the second. Boots Spatz & Shoes targeted the equestrian market, which still accounts for 90 per cent of sales. Main retailing outlets became equestrian tack shops. Mike Gibbons of Newmarket.

However, the quality of supplies began to deteriorate. There were mix ups with American and British sizes so the Yorkshire company had to

re-label bags. The strap on one type of boot arrived an inch too long and had to be sent away for cutting. Some of the unwieldy stitching on the Korean shoes was prone to splitting. By early 1989, Boots Spatz & Shoes had decided to switch manufacturing to the UK. But it was not easy. "It was very difficult finding manufacturers who could handle the weight of leather required," says managing director, Stephen Wright.

The problem of manufacturing costs remained. Muckers were selling for up to £10 less than an equivalent piece of Boots Spatz & Shoes footwear. Some problems have now been tackled with shifts in manufacturing techniques, the use of lower cost materials, a broader range of five styles and the recruitment of Wright, who has worked in the industry for 13 years.

Boots Spatz & Shoes footwear is made in two sections, the waterproof base in one sub-contractor's factory and the

uppers in another, then brought together at the Harrogate site and assembled. In the past year moving to injection moulding has reduced the cost of the base from £7 to £2. Further savings have come in using man-made "rubber" and switching to a leather and nylon combination for the uppers. Instead of retailing at between £30 and £40, the company's footwear now ranges from between £15 to £30.

The old form of ribbing, which gave the front of the shoe the texture of a duck's foot, has been abandoned and more attractive man-made materials introduced, making the footwear look much more like designer-style Italian walking shoes. The company's range now includes a waterproof shoe, a lace boot and a kind of moccasin.

The company employs nine, and is aiming for the same market it has pursued over the past few years. The bulk of its £25,000 yearly promotional

budget goes to horse and hound magazines. But it is also trying to extend sales to garden centres and outdoor equipment shops. The fragmented nature of this market is a problem. Last year's distribution costs of £25,000 were just £2,000 less than the company's gross profit.

Wright remembers when he first saw the Boots Spatz & Shoes footwear several years ago. "I thought 'poor sods. They will fail with that'." Now he points to British's 3m horse owners and 5m dog walkers as a large potential market for the company he once chuckled at. A quarter of its output is already exported, with Japan the biggest market. "Really, the only way we can fail is not to produce in the quantities required."

Boots Spatz & Shoes, 104 Station Parade, Harrogate, HG1 1HQ. Tel: 0423-525705.

Nick Garnett

Barbara Conway on the first steps for computer use

## Making the most of mice and manuals

SINCE THE next few columns will be devoted to looking at different kinds of business software, including word processors, databases and financial packages, this week's column is devoted to outlining various features which are common to virtually all current business programs.

This includes, for example, vast amounts of packaging, operating manuals which run to several volumes and a starting number of disks for the actual program.

There is usually no need to be intimidated by all this. The fact is that "heavyweight" business packages nowadays try to cover their many features comprehensively in the manuals but recognise that beginners would have no chance of actually making use of them without specialist help. Included in the manuals should, therefore, be a quick guide to getting started, with pointers to how to progress to more advanced functions.

The heavyweight reference manuals are not usually readable. Previously, when documentation invariably appeared to have been imperfectly translated into pidgin-Anglo from the original Japanese, the motto, "If it ain't broke, fix it, the manual" was in better order.

Likewise, the disks should contain some form of straightforward tutorial so that the user gets on-screen practice before plunging in to the main program. As for the number of disks involved, even with the higher-capacity 3.5" variety, this can often run to six or more floppy disks just to install the program, demonstrating why a hard disk is a necessity for serious users. Using floppy disks with alone could mean contracting a severe case of "disk-swapper's elbow" as the program is used.

Installing the whole package on a hard disk is also a lot simpler than it looks. Any business program worth its

salt will have an automatic "install" program on disk 1 which will do the work for you, merely giving screen prompts for choices and the insertion of the next disk where needed. It means which options to choose, go for the defaults offered by the program. You can always make changes to suit your needs once you know what you are doing.

You may well be offered the choice of using the program with the keyboard alone or with the aid of a device - invaluable in my view - known as a mouse. This attaches to the computer and, when rolled across the desktop, moves the on-screen cursor in



the same direction. Thus, faced with a screen full of text or figures, you can easily place the cursor exactly where you need it.

Mice come in a wide variety of shapes and sizes, with two or three buttons for special features. In most cases they move via a small rubber ball, although "optical" mice, with no external moving parts, are becoming increasingly popular. All varieties need a specially formulated mouse mat to prevent the rubber ball or optical sensor from slipping on the desktop dust which can clog their works.

Other talents possessed by this electronic rodent, which can be attached to a computer either via a special "mouse port" or through a standard

connector available on all 386's (mice are optional on PCs but come automatically with Apple Macs and Amiges) are accessed through clicking the mouse buttons. This is a straightforward process which, among other things, can be used to open up menus to use the special features of each piece of software.

Menus, which can also be displayed by pressing specified keyboard combinations, will enable you to start, edit and save documents, to manipulate blocks of text, figures, charts etc. to perform automatic calculations in accounts packages and much more. Many of the more complex packages include an on-screen "help" menu which can be called on if the user forgets how to operate a particular function.

That brings us to the function keys, labelled F1 to F12 which are either at the top or the side of your keyboard. Each program makes different use of these keys and the particular features and most will therefore provide "templates" plastic strips which fit over the function keys and explain what each one does in that particular program.

As you grow familiar with a particular piece of software you may well find, as I do, that a combination of mouse and function key operations brings the quickest results. Take good care of these tools, as they are the functions - many programs that even seasoned operators can be lost without them.

And, with all business packages, keep an eye on memory requirements both as far as your hard disk and the actual memory of the system is concerned. Installed heavyweight programs are not likely to take up less than three kilobytes of your hard disk and may well want more. A useful trick is to remember the disk drive letters (but NOT on-screen help files) once you are at home with a package to save hard disk space. If you suffer from a sudden fit of amnesia, you can always reload them from the original software.

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## FOOD &amp; WINE

## Best southern Rhône are for keeping

Edmund Penning-Rowell explains why we may need to rethink our ideas about Châteaufort-du-Pape

THE SOUTHERN Rhône produced excellent red wine in 1990 and, in 1991, quality, this chiefly means Châteaufort-du-Pape. Probably France's best-known single table wine, it is familiar to those who have never drunk a drop and probably never will.

The vines of the delimited area regularly produce more than 1m cases about the same as the whole of Burgundy and half the quantity of all Burgundy.

There is no shortage of wine from the 300 growers who produce Châteaufort, but 200 of these own more than 10 acres. Only 100 bottle and market their wine under their own labels. Most of these small growers sell grapes or must to merchants, chiefly to the big houses in the north, such as Chapoutier and Delas who own vineyards there or to Jaboulet, which does not, for its Les Cèdres. There are also local merchants in the village, among them Caves St Pierre and Père Anselme. Both welcome visitors and the latter has an interesting wine museum.

Châteaufort has two peculiarities.

First, it can be made from no fewer than 13 grape varieties. The leading is Syrah, but as might be expected, the Syrah, the dominant grape in the north, but the Grenache, which accounts for 50 per cent.

However, the most important properties do have a significant proportion of Syrah, and the other main varieties are the Mourvèdre and the Cinsaut, prominent grapes in the Midi. The second peculiarity is the soil – or the lack of it. Most of the vineyards are covered by large, round stones, originally washed down by Alpine glaciers.

According to the well-known saying, a grape must "suffer" to provide its best wine, Châteaufort must be right on the sick list. How the vines produce at all in the summer heat is amazing.

Châteaufort has another claim to fame. The *Appellation d'Origine Contrôlée* system in France, initiated in Italy and Spain, sprang from the proposals in 1923 of Baron Le Roy of Châteaufort, in which he insisted on a delimited area, specified grapes only, regulated pruning and yields, and minimum alcoholic strength. (Châteaufort's 12.50 is the highest

in France). Because of the variation in results and therefore the necessity of sorting out the picked grapes, mechanical harvesting is forbidden, though almost entirely used in the neighbouring Côtes du Rhône.

It might be that there are two types of Châteaufort, differing according to the way they are vinified. The traditional method is a fermentation of the crushed grapes, often with their stalks, for two or three weeks and then matured in wooden casks for 18 months before bottling; or *maceration carbonique*, as in Beaujolais. The uncrushed grapes are vatified and added to prevent oxidation. The grapes burst under their own weight, and fermentation then takes place or the juice is run off to be fermented in the normal way. This produces a lighter, earlier maturing wine, bottled 12 months. In some estates both methods are used and the results blended together. Whereas these Châteauforts are usually very drinkable after four or five years, the traditional type may need ten to 15 years to reach its best.

There are two other top Châteauforts, Châteaufort generally



is notoriously difficult to see. UK wine merchants do not appear widely to hold these wines. Among others, Beauchamp, stocked by Adnams of Southwold, Lay Wheeler of Colchester, Tanner of Shrewsbury and Winecellars of Wandsworth. The first two also list Vieux Télégraphe. Bibendum has Clos des Papes '87 (33.99). Yet these leading estates export the majority of their wines, particularly to Switzerland, Germany and Belgium.

At a tasting of a dozen Châteauforts, mostly '85, arranged for me by the *Comité Interprofessionnel* in Avignon, those that particularly appealed to me were Bosquet des Papes, Clos du Mont, Clos de Cuvée de Vatican. Unfortunately the bottle of the usually excellent Montredon was corked, which can happen to any wine and is no reflection on the producer.

All the leading estates make a better than average white Châteaufort, a wine that used to be heavy-footed, clumsy and often oxidised. It is now much fresher, cleaner and aromatic but it is no good expecting Côte d'Or style wines in the hotter region of the Rhône. Vieux Télégraphe produces an exceptionally

aromatic, rich white, and the Clos des Papes is flowery and elegant in Rhône terms.

Although Châteaufort production is large, it is nothing compared with the output from the huge estates on the Côte du Rhône plains both sides of the great river. The total, much of it produced by co-operatives, including the "villages" wines from 17 communes, runs to more than 25m cases, including red, which is not permitted in Châteaufort. I do not find these very exciting, and for roses it is better to look for Lirac or Tavel on the bank. In the latter I visited a new property with old vines, Clos de la Morlaire, which had very attractive Tavel and Lirac.

The Village wines are usually worth the extra 50p or £1 a bottle and among the leaders are Cairanne and Lardoux. Until last August so was Vacqueyras, but then after six years' campaigning it joined its neighbour Gigondas as A.C. I was told that they were not less proud of this because other, unnamed, Villages had been turned down. Gigondas can have good fullness and style, but is usually pricier, so maybe Vacqueyras will prove a competitor.

White Côtes du Rhône is particularly to be recommended. Domaine Anne from the right-bank St Gervais commune. It is made from the Vigner grape, until recently confined to Condrieu up north. At the estate I tasted both '89 and '88. The first was still very closed, but the '88 had much more of the distinctive aroma and flavour. Adams and Lay Wheeler both have this for £10.85 and £10.99 a bottle respectively. Not cheap, but at present only about 400 cases are made, and Condrieu is much dearer.

Although the lower-level southern Rhône wines are largely for ordinary drinking, I believe that we have to re-think some Châteaufort. While many are very acceptable when about five years old, the finer ones more time. Like the finer clarets, red burgundies and indeed the top northern Rhône, they cannot show their best when young. Although this does not mean buying *en primeur*, at least from the estates, it does involve acquiring them soon after they appear on UK lists, as they are unlikely to stay on them for very long, and then keeping them for up to ten years. They are worth it.

## A strictly upper-crust Frenchman

ALL OVER the world chefs and restaurateurs try to reproduce French culinary arts. But nowhere, perhaps, is this reproduction more authentic and the location more incongruous than Unit 21, Abbey Industrial Estate, Wembley, north London.

Five minutes from Hanger Lane junction and within sight of Wembley Stadium, Unit 21 receives 15 tonnes of special French flour, from a small mill at Viron near Chartres, and three tonnes of French butter each month. Every night 1,200 croissants and the same number of brioches, hundreds of baguettes and petits pains and increasingly large amounts of pâtisseries leave Unit 21 in the early hours of the morning for many of London's top hotels, restaurants and delicatessens.

Unit 21 used to make aircraft parts until it was taken over in August 1988 by Philippe Dédé as a bakery. The unit next door used to make sausages but in February 1987 he was head pastry chef at top-rated London restaurant Le Gavroche and later at the Grosvenor House Hotel, in Park Lane, London, where he had a staff of 15 working under him. But it was the passion to make true French bread – which Dédé admits is getting harder to find in France – that persuaded him to start on his own.

Dédé was convinced that there was a market for the best.

He raised £100,000 from his family and bought an oven for £20,000 and soon realised his first mistake. While he had been confident of success he had not realised how quickly the business would grow. No customer was turned away but another oven, costing \$30,000 had to be bought. When full it bakes up to 280 loaves simultaneously. Dédé now proudly offers a 16-page menu.

Like so many other suppliers to London's top hotels and restaurants Dédé initially failed to appreciate his own problems – delivery and quality. Most of his customers naturally want their croissants and bread in time to serve at breakfast and his three vans have to leave the bak-

ery at 5pm. He sees little of his wife and small son but says that it was his wife who, when she gave him a book on *pâtisserie* in 1986, changed his life.

Dédé began to specialise in pastry work at the age of 16 in Paris. His grandfather had been a pâtissier and a photo of a queue outside his grandfather's shop in Paris after the Second World War hangs in his office. National service was spent as a pâtissier on the carrier *Joan of Arc*, preparing buffets for ports of call on its world trips.

He came to England in 1984 and worked for Ferranti, the UK electronic group. By 1987 he was head pastry chef at top-rated London restaurant Le Gavroche and later at the Grosvenor House Hotel, in Park Lane, London, where he had a staff of 15 working under him. But it was the passion to make true French bread – which Dédé admits is getting harder to find in France – that persuaded him to start on his own.

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ery on the hotel run at 4.30am, to deliver later than 5am and return to be reloaded at 5.30am. The vans are then sent out again for the delicatessen and restaurant run.

What they deliver are the products of a 24-hour, six-day-a-week operation (except for the *pâtisserie* section). To try to appreciate what makes the very best French bread I spent part of a night shift watching, and skimming out of the way, Dédé's 15-strong baking staff, as they worked flat out in the week before Christmas.

While the dough for the croissants and the *pâtisserie* can be made during the day all the bread and croissants are baked at night. The head baker arrives at 5.30pm, takes all the orders and mentally calculates the dough necessary – not trust the computer. The first dough is made straight away and the fermentation can take anything from one to two hours before it can be baked.

By 8.30pm all the other bakers have arrived; the dough is in its finished state and is being rolled into all shapes and sizes before being allowed to prove. This is the most crucial aspect of bread-making and exactly where, Dédé maintains, there is the major difference between his bread and that of his competitors. During proving, the dough rises in volume through the action of the yeast. If the dough does not rise sufficiently it remains solid and heavy, if it goes on for too long it becomes airy. The longer proving can go on for under supervision, however, the more flavour the bread will have. While most bakers in this country prove their bread for 40 minutes, Dédé proves his bread for up to two hours.

Once they are ready the trays of bread, croissants and brioches are wheeled across the tiled factory floor to be baked. All one of the bakery's 15 ovens are sprayed with pasteurised egg wash prior to baking, at each end a baker quickly nicks the top of each baguette three times before putting them in the oven.

He must work as quickly as possible – if the bread waits too long it can over-prove. While Dédé was escorting me round he noticed that the baker was falling behind; he quickly went off and baked bread for 20 minutes. I watched mesmerised as 280 loaves turned a golden brown; the large loaves on the top, baguettes in the middle, petits pains on the bottom.

It was at the beginning of his bread-making enterprise that Dédé realised the big difference in baking the British rather than the French market. The French go more regularly to their local bakery and have very definite ideas about how they like their bread – well cooked and crispy or not too burnt. We British go less often and like to re-bake the bread to serve it warm. As a result, Dédé and his bakers have learnt to slightly undercook traditional French bread to please their British customers.

At the end of my night shift I asked Dédé what made the long hours and the hard, physical work worthwhile. It was certainly not the financial rewards, although the business had become financially viable far quicker than a similar sized restaurant business would have done. Rather, he said, it was the challenge to become the best baker and pastry chef in Britain and to carry on the tradition of baking top-quality French bread.

Nicholas Lander



A job with plenty of dough: Philippe Dédé of Boulangerie Pâtisserie

Alan Harper

## Taste of moderation

A WEEK SPENT in a chocolate factory is said to effect a near-miraculous cure of chocolateaholics. I have not met anyone who has put this to the test but I know many who find that Christmas feasting in affluent circles, where the emphasis on meat and sweets is grossly heavy, come with their own in-built revulsions and recovery schemes.

As soon as the 12 days of excess are up, a taste for moderation, if not abstinence, takes over. For a few weeks, at least, fat roasted birds and massive joints of meat have little appeal. The same is true of sugary confectionery dripping with dried fruits and cream and booze. I suspect we are more easily seduced by all things meat and sweet than we were a couple of decades ago, because our eating habits have changed fundamentally.

Even those who profess to pay no heed to the fads of fashion cannot fail to have fallen under the influences of nouvelle cuisine. Keep-fishers and veggie eaters, who once were a fringe of the population, are now a norm. Gradually we have grown to enjoy more fruit and fewer puddings, and to eat more meals based on vegetables, grain products and fish. There is less dependence on meat.

Many people now choose, not the sake of virtue but in genuine preference, the tang of crème fraîche or Greek yoghurt rather than thick cream. A few spoonfuls of cream in a savory sauce can still delight, but thick cream on sticky pudding seems just too cloying – enough to make one feel a little queasy.

Semi-skimmed milk, which I started to use from a sense of healthy duty and found unspeakably thin and watery even in tea and coffee, now strikes me as perfectly acceptable with breakfast cereals and quite drinkable in its own right. I still regard myself as a convinced carnivore but when I stop to think about it I realise that I have been painlessly weaned from the routine of "meat and two veg".

I am aware that three or four days may pass in a week without my having eaten more than a couple of ounces of meat. On the other hand I am aware of my growing need for grain products with proper bite and for a generous daily dose of fruit and vegetables. An apple a day is no longer enough to give me a vital sense of wellbeing. I missed these foods over Christmas and I crave them now to rid me of post-festive bloated feelings: the clean crunch of fresh vegetables, the chew of brown rice cooked *al dente*, the sharpness of citrus fruits and early rhubarb, the purity of broth, the plain reassurance of poached fish, mashed potatoes and other nursery foods.

My ideal meal just now would begin with a steaming bowl of green ginger and soy clear soup, laced with the occasional julienne shred of leek and carrot and a mere sliver or two of meat. This might be followed by a stir-fry of bean sprouts with a handful of mangetout, spiked with a grating of green ginger and soy and finished with thin strips of ribbon omelette. Or the pearly white crunch of raw Jerusalem artichokes, grated and in vinaigrette with plenty of parsley and a few fat prawns. Here are a couple of other ideas for those with less minimalist leanings.

**BAKED CHICORY**  
(serves 6 to 8)

The slightly bitter quality of cooked chicory makes it an ideal foil for rich meats such as pork and duck. Just now, though, I prefer to serve baked chicory more austere for a very light lunch or supper dish – simply garnished with chopped hard-boiled egg or snippets of ham and partnered by floury baked potatoes. Both vegeta-

bles can be cooked in the oven together, but give the potatoes a head start.

3 lb chicory; 3 oz butter; about 1 tablespoon each sugar and lemon juice; a little parsley; 1-2 hard-boiled eggs or 1-2 slices of ham; a spoonful or two of toasted or fried bread-crumbs.

Trim the chicory and cut each one lengthways in half or into quarters depending on their girth. Choose a baking or grilling dish that will take them in a single layer and butter it thickly. Lay the chicory in the dish. Sprinkle with sugar, drizzle with lemon juice, season lightly with salt and generously with pepper and flakes of the butter on top.

Cover with a dome of foil and bake at 375°F (190°C) gas mark 5 for 30 minutes, basting the vegetables with their buttery juices at half time. Turn the heat up to 425°F (220°C) gas mark 7-8. Baste the chicory again and add a soupçon more lemon, sugar and butter if liked. The chicory for 10-15 minutes more, this time without the foil, until the vegetables are cooked through and showing signs of frizzling gilding at the edges.

Chop the hot hard-boiled egg or mince the ham or cut it into thin snippets. Mix lightly with a little chopped parsley and the crumbs, and scatter the mixture over the chicory just before basting the dish to table.

**HADDIE WITH WATERCRESS AND LEMON BUTTER**  
(serves 6 to 8)

Stormy weather means that supplies of fresh fish are sometimes erratic at this time of year. Smoked fish may be easier to get. I use single fillets of haddock smoked on the skin (called Aberdeen fillets in some areas) for this admirably quick and simple dish, which is also excellent with fresh cod fillets.

2 to 3 mdyed smoked haddock fillets weighing a total of 2½ lb; 3 bunches of watercress; ½ lb butter; 2 lemons.

Cut the fish into portions that will fit your pan comfortably and be easy to serve. Lay the fish flesh side down in the pan and pour on boiling water to cover. Bring the contents of

the pan to boiling point. Draw the pan quickly away from the heat, cover it and leave for 10-12 minutes to cook the fish.

Meanwhile, wash and dry the watercress, discarding tough stems and any yellowing leaves. Mix together in a small jug 4 teaspoons each of lemon juice and cold water, a pinch of salt and a good grinding of pepper.

When the fish is almost ready, dice the butter and melt it in a small pan over low heat. Remove the butter pan from the flame and pour on the lemon mixture in a thin stream, whisking the contents of the pan with a whisk all the time as you pour.

Drain the smoked haddock. Quickly carpet a warmed serving dish with the watercress and lay the fish on it. Pour on the lemon butter, garnish with wedges of lemon and serve without delay, with plenty of good bread on the side or new potatoes steamed in their skins.

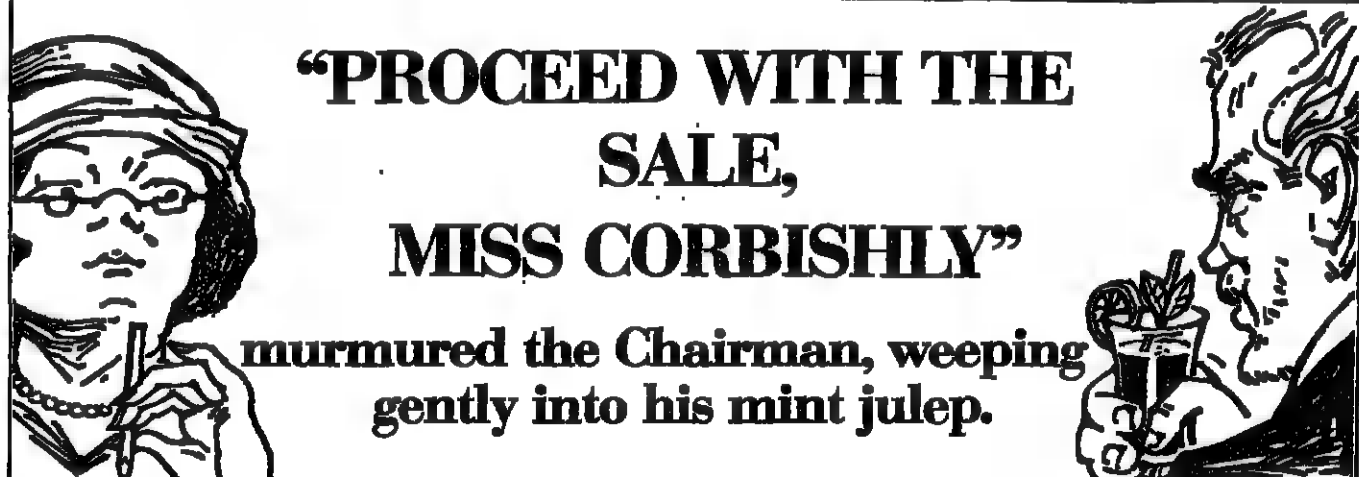
The serving dish should be warm rather than sizzling and the watercress should be laid on it only when you are ready to add the fish, as the leaves will curl up and die instead of wilking deliciously under the citrus juice of fish and lemon butter.

Philippa Davenport

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# "PROCEED WITH THE SALE, MISS CORBISHLY"

murmured the Chairman, weeping gently into his mint julep.

It was an unusual day at the Gallery. Firstly, the Chairman's customary fortitude (ie. tantum) resisting any form of sale was not forthcoming when Miss Corbishly touched upon the subject. Secondly, he was drinking mint julep instead of his normal brandy and soda. The weeping is not unusual, especially if he's had a bad day – the Chairman, or us in this case, he's been to a showing of "Come With The Wind" the night before.

With a mint julep in his hand and a hankie in the other he wasn't in the mood to resist Miss Corbishly's plans for a sale. (We must get a list of performance dates, it could make life much easier.)

So by kind permission of David Selznick, who frankly doesn't give a damn, and acknowledgements to the Chairman, we are proud to present our sale:

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BESSERABIAN BLACK	13'3" x 9'9"	£2975	£1975
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# Optimists see a year-end revival

Two safe bets and a state-

A sample of unreserved enthusiasm from the New Homes Marketing Board. The Board has excelled itself thus

A typically snappy 1991 forecast comment from US real estate analyst **John Landauer**, which provides the consolation of knowing that the UK property market is by no means the only one to enter the year in poor shape, and with more than its share of the critics.

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The development's three-year-old golf club recently hosted the Solheim Cup, the ladies' equivalent of the Ryder Cup battle between Europe and the U.S. It was the first time this event had been held and getting it was regarded as a coup for the Lake Norman course.

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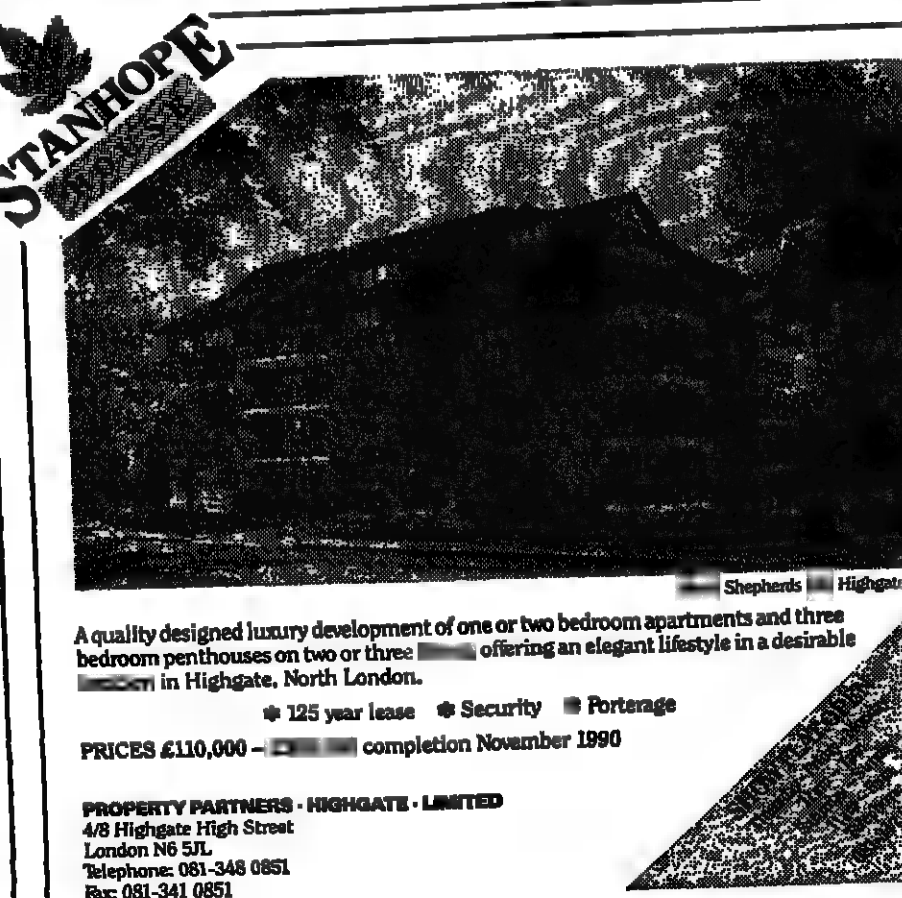


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## TRAVEL '91

# A way through the thicket of travel ideas

Never mind the recession. Travel Editor Michael Thompson-Noel casts his eye over the latest crop of holiday offerings

THE MORE places you visit, the more you realise you have only scratched the world's surface, only seen the smallest fraction of its sights, and that there are places, even countries, you may never set foot on before blankness and darkness descend and you are ready for the long journey that will see your smallest particles reduced, once more, to stellar dust.

In the meantime, there are places to go and fun to be had, as I am constantly reminded by the flood of travel brochures that sweeps across my desk - bright, dull ones, those seeking to be different.

Once again I have spent some time rifling through a wide selection of the latest brochures in search of good ideas. The selection I have come up with is by no means comprehensive; in fact, it is fairly arbitrary - probably not bad thing. These are places that appeal to me, whether I have visited them or not. In some cases I have travelled with a company concerned, but certainly not in all.

Whatever holiday you are planning, the best advice is to visit three or four good travel agents and collect as many brochures as you can; ask these agents if they have first-hand experience of the holidays they are selling (most of them are widely travelled: when they are not selling holidays they are junketing around the globe on "fun trips" to familiarise themselves with what is new and different); decide exactly what sort of holiday you want - hectic, peaceful, cultured, phillistine; do your homework: visit a travel bookshop and ask the staff (they are invariably kind and wise) to recommend reading matter to match your requirements.

Warning: Not all these companies - many of which are small - are ABTA-bonded, which means that your holiday may not enjoy the level of financial protection to be expected when booking via larger, more mainstream operators. But that is down to you: holidays cost a lot of money: be properly cautious: always ask a company or agent what safeguards it is offering, and be clear in your own mind that matters like insurance (health, travel, cancellation) have been properly attended to.

No matter how sharp the recession, Italy is still going to attract its fair share of customers, and traditional villa holidays are never likely to go out of style. An extremely good operator is the London-based Chapter Travel, which has a lush brochure of villas, farmhouses and apartments in all parts of Italy, and another one that covers the international scene - villas, tenures, beach, manors, etc. in a variety of exotic locations, from Mexico and Morocco to Portugal and Greece.

Last September I stayed in a splendid Tuscan villa - Le Baggine, 15km east of Lucca, 60km west of Florence - that accommodates 12 people and features in Chapter Travel's Italian brochure. I and

my good friend rattled around the house and grounds in splendid style - appreciative of the swimming pool and fine Tuscan views, and grateful that it had not, actually, cost us a cent (apart from the cost of the food). Also, we feasted greedily. Chapter Travel's 1991 brochure price for Le Baggine is £2,688-£3,040 a week - not the most expensive (some villas cost more than £3,500 per week), but not the cheapest, either. Details: tel: 071-722-6560.

Naturally, Tuscany and all things Italian feature prominently in the brochures put out by Prospect Music and Art, whose tours in Europe and Turkey are led by experienced art historians. Tours include four days in Chartres (from £425), eight in Venice (from £795), classical Turkey (from £1,175) and 12 days in Sicily (from £1,395). The same company also runs a range of opera and music tours; destinations include Salzburg, Verona, Bath, Barcelona, Munich, Vienna, Paris and New York. Tel: 011-44-11-4111.

Another arty company is Inscape Fine Art Tours, which offers a full programme of one-day and weekend study tours in Britain, augmented by a choice of more ambitious tours in Europe - renaissance Florence, medieval Bruges, Loire chateaux, Antwerp's golden age, and so on. One I quite fancy is Art and Architecture in Munich and Bavaria, October 12-13 priced at £725 per person including scheduled flights, seven nights' accommodation, entry fees, etc. The single room supplement is £88; participation is restricted to 20 people. Tel: 0893891-726.

A third arty company is Fine Art Overseas, which is small and rather posh - attractively so: its tour lecturers this year include Robin Lane Fox (Naples and the Amalfi coast: seven nights, September 28-October 3, £1,600 per person: I imagine it will be engrossing, even, possibly, breathtaking), and Sir Roy Strong (villas and gardens near Lucca: five nights, May 22-26, £1,395: no doubt hugely sensitive). Two new tours this year are Andalusia and the Welsh Borders. Tel: 011-44-11-4111.

If you like wildlife, you ought to get the Reef and Rainforest Tours brochure; the company says it aims to offer unusual long-haul destinations of keen interest to wildlife fans and divers, and to offer good personal service while keeping prices competitively low. It supports various conservation organisations, such as the Professional Belize and the Whale and Dolphin Conservation Society.

Its main focus is Belize. For example, a 17-day reef, rainforest and Mayan ruins costs £1,865 per person sharing, single supplement £155, inclusive of flights and accommodation but not including travel insurance (mandatory for tour members, as is often the case with out-of-the-ordinary holidays). Other destinations: Costa Rica, the Argentine and Newfoundland (for whale-watching), and the Christmas and Cocos Islands. Tel: 071-381-2204. A bigger selection of wildlife holidays is



There are places to go and fun to be had, no matter how conventional

found in Cox & Kings' Environmental Journeys brochure - 30 tours and holidays in 24 countries. The wildlife section includes whale-watching, while a new section concentrates on naturalist photography (Luangwa Valley, Nevis, Belize, Chile, Botswana, India, France). Prices are from £620 for an eight-day botany tour of Gono, off Malak, to £3,495 for a 21-day visit to the Galapagos Islands. Tel: 071-934-7472.

Abercrombie & Kent Travel produces new brochures like cards from a sleeve. You might like its (rather jolly) Cavalry Tours job, which is full of adventure-riding holidays. If your ambition is to ride from Udaipur to the Pushkar fair for the festival of Kartik Purnima at the time of full moon (£2,016-plus for 21 days), or for you. Sample prices: Africa, from £2,545 for 16 days; Egypt, from £275 for eight days; Morocco, £1,389 and up; China, £2,808-plus for 23 days; South America, £2,117 and more for 15 days' riding in Chile. Tel: 071-730-9500.

Whale-watching is definitely high fashion. If you want a trip to the Sea of Cortez and the whale lagoons off Baja

California, Twicken World can guide you to the Bahia Magdalena, there to view grey, blue, finback and humpback whales as well as orcas, dolphins, sea lions and birds. Eight-day cruises start at £1,025, 10-day at £1,165, not including the trans-Atlantic fare. Tel: 061-992-7695.

An intriguing new company is Detours, which aims to fill a gap in the market by running tours that provide insight into the life and culture of developing countries. It works with voluntary agencies overseas and is making a donation to each project.

Twenty tours are planned for 1991, to Ecuador, India, Nepal, Thailand, Ghana, Ethiopia, Indonesia and St Lucia. The tours also include visits to historic and cultural sites, wildlife parks - even beaches. For example: a thorough tour of Ethiopia (November 1-17) will present aspects of the country 'normally obscured by media concentration on natural and political disasters.' Price: £1,680 per person, single supplement £195. Tel: 081-948-8285.

Around-the-world air cruises are a growing market, as Travelers' World knows: its brochure lists a selection of

round-the-world packages, utilising scheduled flights and good hotels, and offering free travel insurance. There are two price levels, standard and de luxe, plus a range of single room and business or first-class supplements. For example, the James Cook tour (21 days: London, Los Angeles, Auckland, Sydney, Bali, Singapore, London, using Qantas and British Airways) costs £1,995-£2,250, single supp £595-£750, business-class supp £1,980, first-class supp £3,350. Tel: 071-938-4940.

I am not a great one for hurrying myself up mountainsides or wind-surfing down the Ganges, but if you want tailored itineraries of an adventurous or sporty sort, you ought to consult the Location, Extremes brochure. The company was launched last July by climber Jonathan Garrair. A 12-day trek (16 days in all) into Nepal's Annapurna sanctuary, a glacial bowl hemmed in by 11 of Nepal's major peaks, is priced from £1,680, three days' staying with the Matterhorn is £285, and a 14-day trip to Lhasa and the Tibetan plateau is £2,575-plus. Tel: 071-870-0890.

A more restful read entirely is 'CV Travel's Different Worlds brochure. The

company says it is the leading quality European villa holiday operator (no self-drive there) and is rapidly expanding its long-haul programme, featuring holidays in the Caribbean, East Africa, South America, Indian Ocean and Far East. For example: seven nights' full board at the Mamba Club, on a little island at 10-minute boat ride from Zanzibar, costs £2,799 per head, while 14 nights' use of a private villa (with pool) in Palm Beach, Florida, is billed at £2,830, not including flights. Tel: 071-589-0132.

As long as there is civilisation, so there will be Club Med. Its summer '91 brochure features 60 holiday villages world-wide, serviced by flights from London (and 16 of those from Manchester). Prices for a week start at £422 for Hammamet, Tunisia (including flights) and £487 for Helios, Corfu. Direct long-haul flights from London start at £517 for Sandpiper, Florida, and £1,148 for Phuket, Thailand.

In May Club Med opens its first village in Ireland, at Waterville, Co. Kerry: a Club Med in this, the first from Irish Town, opens the season month, and the straw hut village of Okefenokee, Creek (closed since 1987) reopens in the summer. Reservations can be made through most ABTA travel agents; brochure requests: tel: 0635-36450.

Cruising is becoming more and more popular, and is appealing to a younger generation. According to research conducted on behalf of CruiseWatch (tel: 071-245-2286), a specialist cruise travel agency, which quizzed all major operators with UK bases, CruiseWatch says that in the past decade the number of UK cruise passengers has risen by 80 per cent - to about 160,000. The average age of British cruisers is not said to be 41½, against 53 10 years ago. Nine of the cruise lines interviewed said that under-35s comprised a third or more of their passengers.

Norwegian Cruise Line claimed an average age of 28 for its three- and four-day Caribbean jaunts. In response to the important honeymoon market, many lines are providing double beds in suites, a far cry from the anti-social single beds of yore.

If war breaks out in the Gulf, the world travel trade will be convulsed. This applies to the eastern Med as much as to anywhere. Nevertheless, a brochure worth turning your eye over is the Cruise Collection of sales agent Equity Cruises featuring eight cruise companies and holidays from three to 28 days in the Med, Aegean, Black Sea, Caribbean, Mexico, Panama Canal, Canada and New England. For example, the Starclaire line has three ships, including the refurbished *Aschille*. Equity, the smallest of them, the *Amphitrite*, is planning 10-day Greece and Turkey cruises ex-Venice from March to October starting at £780 per person. Tel: 071-729-1293.

Finally, here are some other brochures that caught my eye:

1. **Jettie Florida**  
Jettie Holidays - For family holidays to Florida and the Caribbean, there is no other choice. We also specialise in tailor-made holidays in all areas of the USA including the Hawaiian Islands. For a brochure or further details, please call:  
Jettie Holidays  
83 Swanley Centre, Swanley  
Kent BR8 7TL. Tel: 0322 614801

2. **Bike Bavaria**  
Bike Bavaria  
Lectures cycling holidays through scenic Southern Germany, Romantic castles, steep villages, a German beer or two with a little cycling in between. Hand-picked hotels, bicycles provided, luggage transported. FREE brochures Tel: 0682 763249/241 helpline. Bavaria Bicycle Tours, The Priory, High St., Redbourn, Herts AL9 7LZ

**Travel 1991 Brochure Guide**

3. **Alps France**  
Alps France are the independent specialists in Alps, Cottages, Chateaux and Hotel holidays for those wanting the good France. Our selection of properties includes many with pools, in coastal and country settings from Normandy to the Cote d'Azur, and we have chosen hotels - from rural cottages to historic chateaux - for their settings, character, and warmth of welcome. Brochures 0903 745319  
Alps France Ltd., 27 West Street, Stottington, W. Sussex BN20 4DZ

4. **Island Holidays**  
Island Holidays offer a cultural experience or an action-packed safari. Whether you have your own ideas, or need a little inspiration, Montpelier Travel will tailor-make the perfect holiday or honeymoon for you. With our exceptional experience and offer the finest knowledge of worldwide hotels, we offer independent and unbiased advice coupled with an informative and personalised service. Please call us on 071-589 3400.

5. **Let Greaves Travel**  
Let Greaves Travel show you the magic that is India. Flights are via British Airways. Hotels are exclusively five star. Virtually throughout your stay you will be cosseted in air conditioned luxury. For a memorable holiday ask for the Greaves brochure, 'A Journey Through India' by calling 071-487 5567.

6. **COUNTRYWIDE HOLIDAYS**  
Walking, Adventure & Discovery and Special Interest Holidays in Canada, U.S.A., Japan, Zimbabwe, European Mountains and Mediterranean Islands.

7. **THE CAYMAN ISLANDS**  
One of the superb new destinations featured in the most complete holiday guide to the Caribbean. Discover top quality hotels, individual tailor-made holidays and much more from the Caribbean specialists - Caribbean Connection. For a brochure and expert personal service ring 0244 329550

8. **MAYA HOLIDAYS**  
Maya Holidays. India will be a major destination of the 90s. We have just launched our 1991-92 brochure as a perfect curtain-raiser to 'Visit India Year 1991'. Our brochure will provide you with the most cost-effective and fully comprehensive product available. Furthermore, Tailor-made are our specialty. For your brochure call 081-963 1835

9. **Anything from easy classic walking**  
holidays to long pioneering treks into remote areas amongst the world's highest mountains. Quality, personal service including good airlines, first class hotels, private transport, excellent food and full service on trek. Use the coupon or ring (0272) 237163.

10. **The coffee table brochure**  
is free & offers for your pleasure a selection of outstanding country & town house hotels available throughout Britain, to the discerning traveller. Each is privately owned & offers comfort and caring service beyond generally accepted standards. Please write for your brochure to: P.O. Box 100, The Greenway, Stroud, Gloucestershire, GL8 1UG.

11. **Leisure Breaks**  
Enjoy a De Vere Hotels Leisure Break on England's sunny south coast and quality hotels around the country. Join in special Leisure Pursuits, Golf, Murder Mystery, Wine Tasting, Fabulous Leisure Clubs with swimming pools, saunas, spa baths, squash, gymnasiums, August Super Savers. Free Children's Rooms. Phone now for a free colour brochure. Tel: 0799 414252

12. **MEON VILLAS**  
MEON VILLA HOLIDAYS  
Offer a wide selection of quality villas, most with pools, in the Algarve, Spain, Greek Islands, Italy, Malta/Gozo, Corsica, France, the Caribbean & USA. Many holidays car hire too!  
Tel: 0730 66561

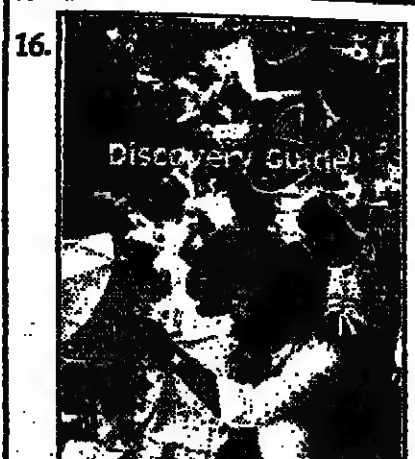
13. **Beautiful and historic Guernsey**  
Easy to reach by air and sea. Warm and welcoming is this island of many delights. A glorious coastline, excellent accommodation, peaceful yet superb holiday choice. Free information pack - phone 0481 723557

14. **SOUTHERN AFRICA TRAVEL**, one of the premier tour operators to South Africa, offer a great range of holidays including safaris, fly/rail, holidays by sea, country house hotels, escorted and semi-escorted tours, stay put, fly/drive and all of the highest quality. 0904 682469.

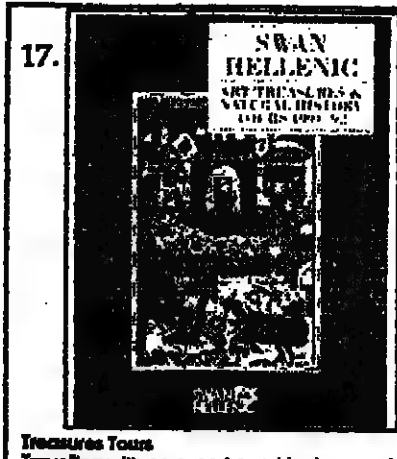
15. **ASHLEY ADAMS AUSTRALIA** offer quality travel arrangements to Australia, New Zealand and 'Round the World' combined with an expert and personalised service. All itineraries are tailor-made and may include splendid city hotels and beach resorts or selection of delightful country house hotels, luxurious wilderness lodges and air cruises, taking you off the beaten track in comfort and style. Telephone 0904 692922.

TO ORDER YOUR BROCHURES FILL IN THE COUPON ON PAGE XIV OF THIS ISSUE

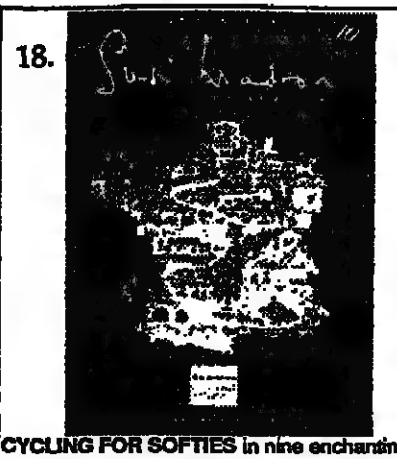




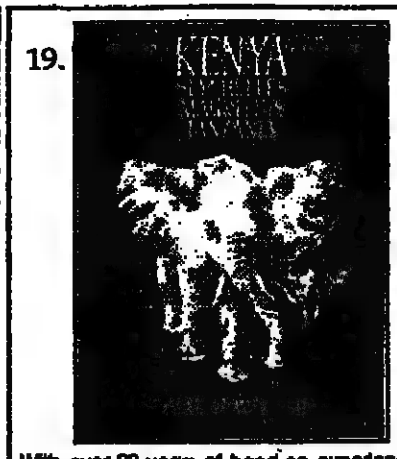
With Hong Kong offering such a wide variety of things to see and do you will want to stay longer. Our Discovery guide contains a suggested 10 day itinerary offering a selection of ways in which you can get the most out of your Hong Kong holiday.



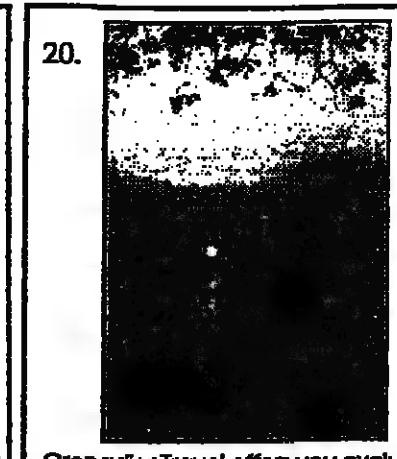
**TREASURES TOURS**  
Travelling with an expert guest lecturer and small group of like-minded people, with Swan Hellenic you'll appreciate the finer points of view. You can consider aspects of history, art and architecture as you tour in Europe, North Africa, Central America, India or the East at a remarkable all-inclusive cost. For a brochure use the reader reply service or ring 071 831 1616. Swan Hellenic, 77 New Oxford Street, London WC1A 1PP.



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Sue Madron's Cycling Holidays Ltd.  
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Manchester M2 5WA (30)  
ATOL 2584



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For full details call us on: 081-903 8166



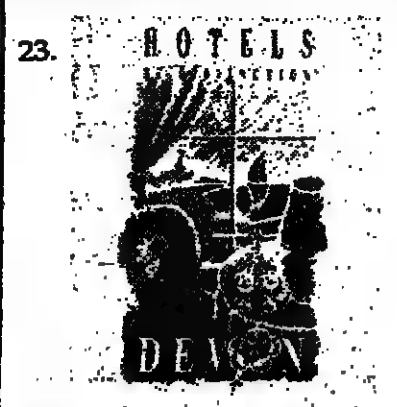
Grenadier Travel offers you exclusive safaris off the beaten track but still in comfort and style. We offer a personal service and welcome the opportunity to provide you with our brochure.  
Tel: 0206 549585



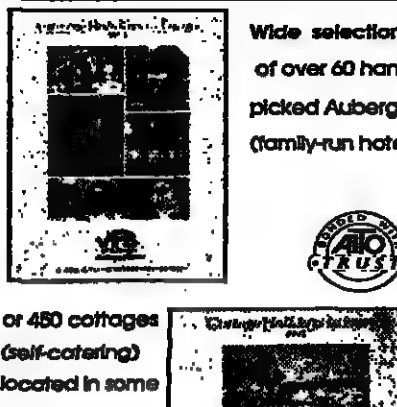
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An appropriate title for Mundi Color's summer 1991 programme. Fly and drive holidays to the Spanish interior, tailor-made holidays, Paradores and Pousadas, Multi-Centres, Short breaks, Family Owned - Family Managed; Luxury Coach Tours and 'May we suggest' - a selection of innovative holiday ideas. Rights by Iberia scheduled services. Mundi Color - the acknowledged specialists for Espana for discerning travellers. Mundi Color Holidays, 278 Vauxhall Bridge Rd, London SW1V 1BE Tel: 081 688 2185 (24 hr brochure service).



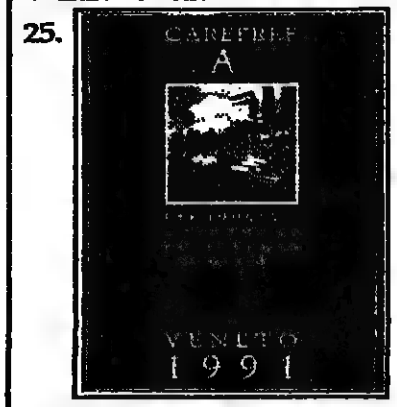
We are the experts in tailor made safaris to Botswana, Zimbabwe and Namibia. We also organise dream trips to Mauritius and Malawi. Our staff here and in Africa know what they are talking about.  
Please phone us on 081 341 9442, fax 081 348 9983 or drop us a line at 28 Bisham Gardens, London N6 6DD.



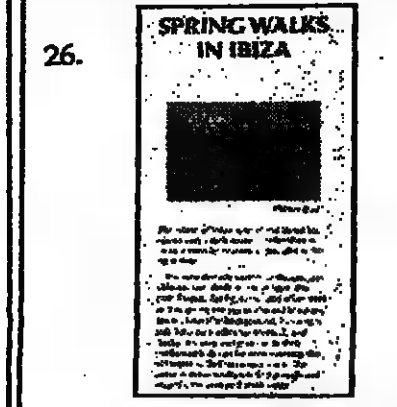
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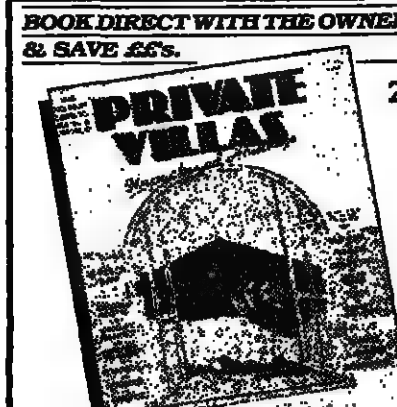
or 480 cottages (self-catering) located in some of France's loveliest regions.  
For the discerning motorist: ferry or fly/drive.



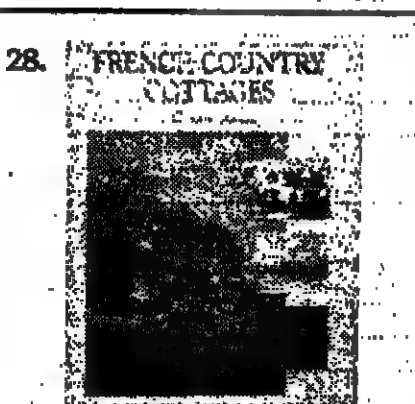
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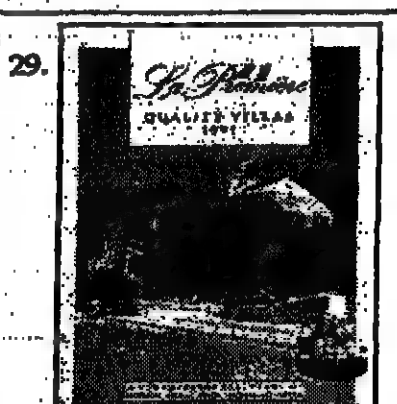
Enjoy the flora + fauna of this lovely island. Parties of 6 only. English guides (fluent in Spanish). 1 week, Feb-May, Saturday-Saturday (scheduled flights). In Santa Eulalia.  
Tel: 071-370 5032/3. Ibiza, ECOSAFARIS, 146 Gloucester Road, London SW7 4SZ



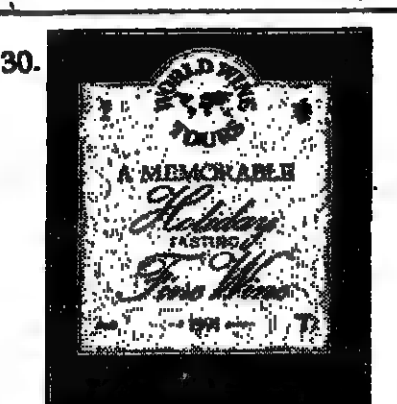
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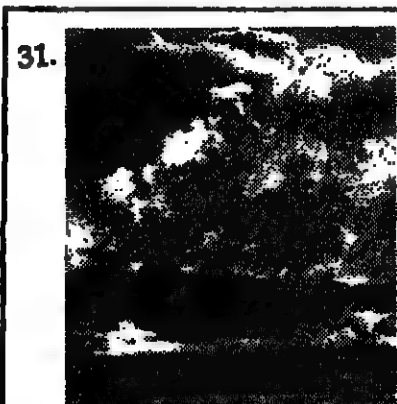
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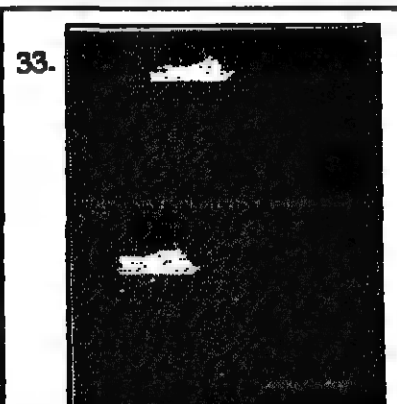
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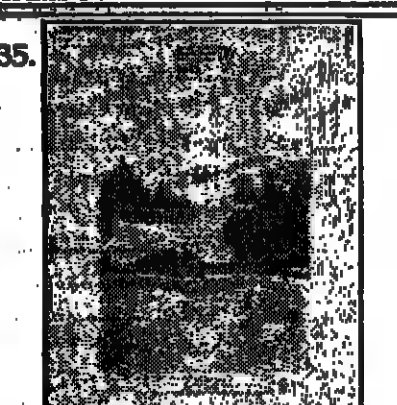
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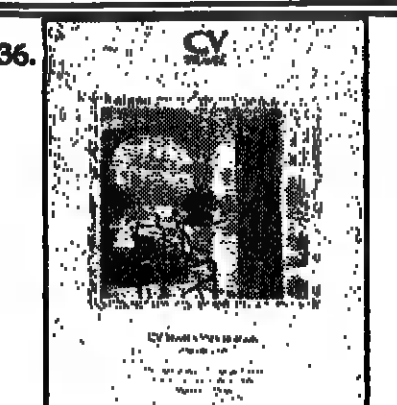
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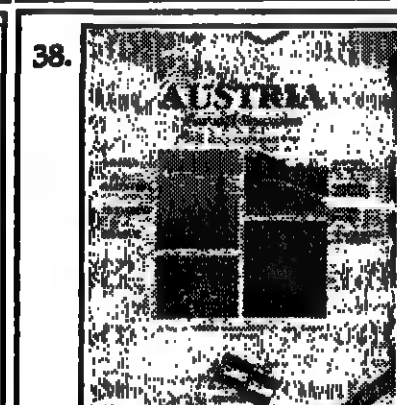
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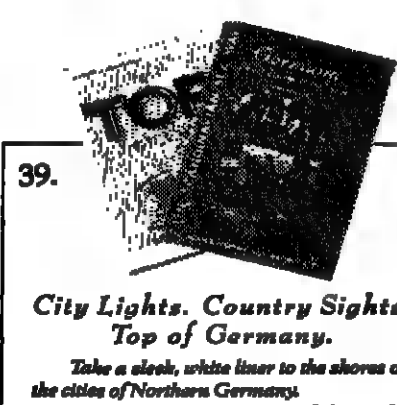
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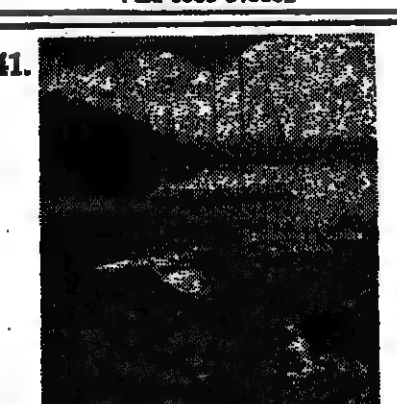
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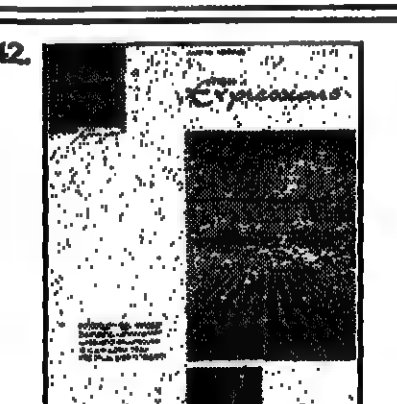
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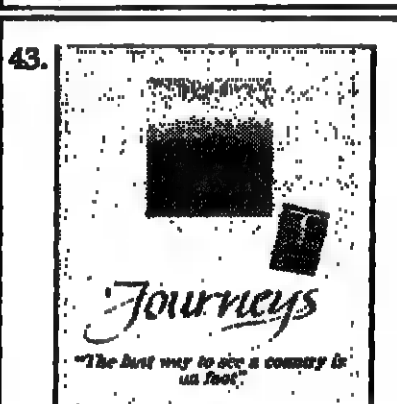
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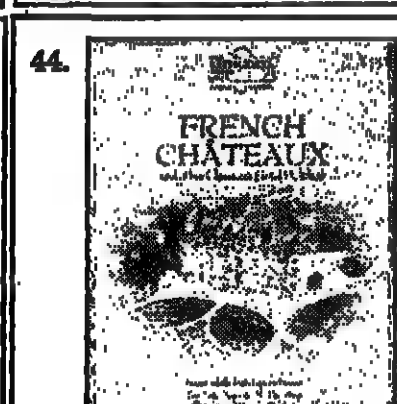
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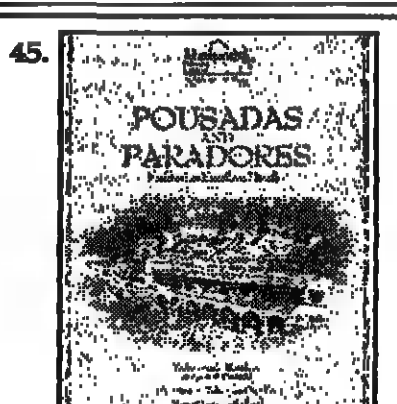
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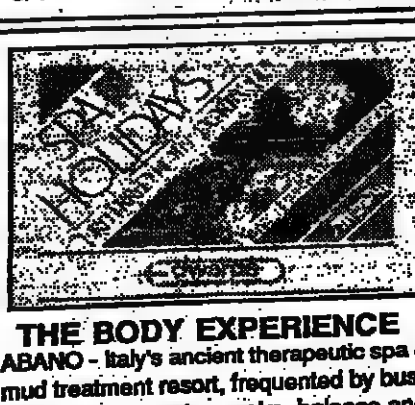
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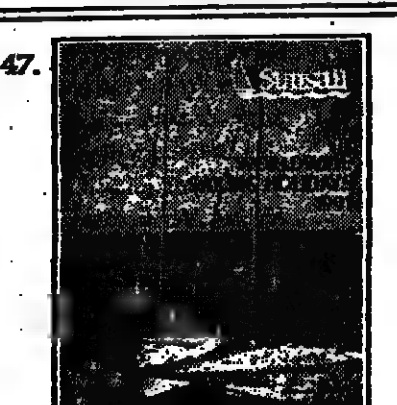
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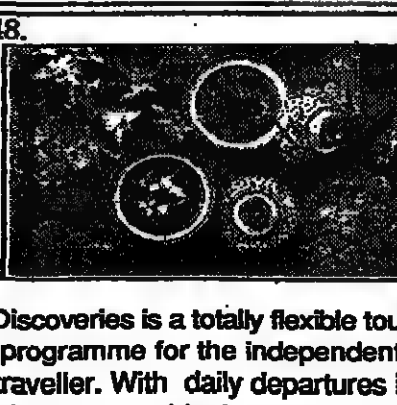
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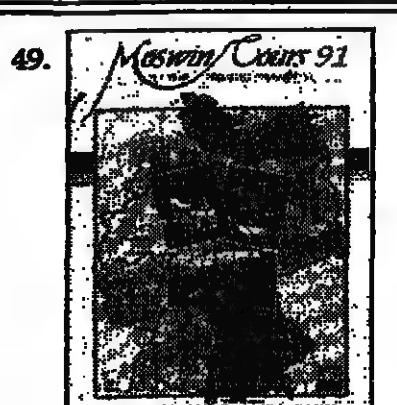
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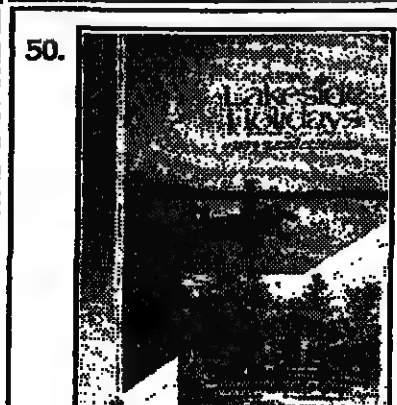
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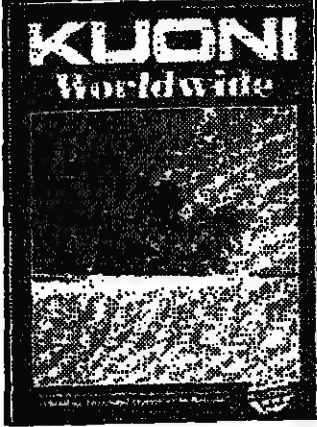


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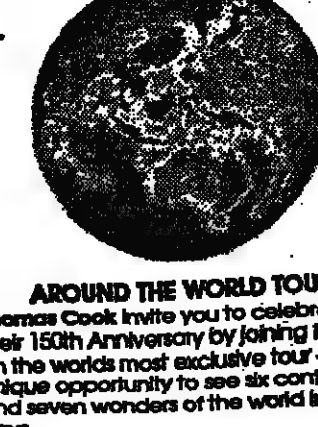
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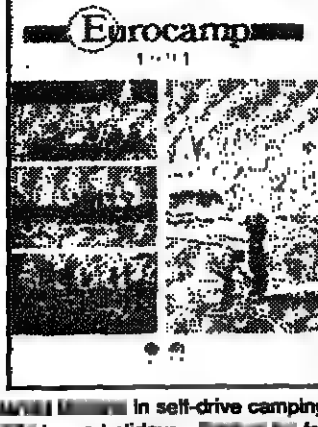
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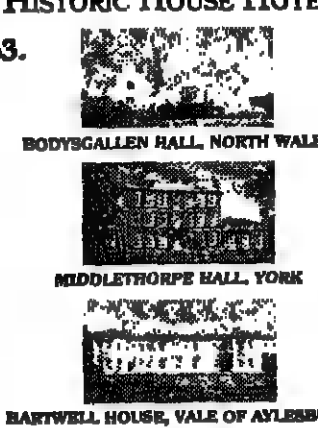
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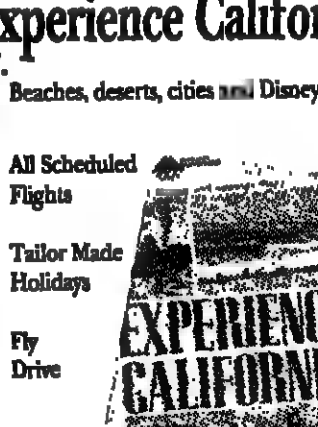
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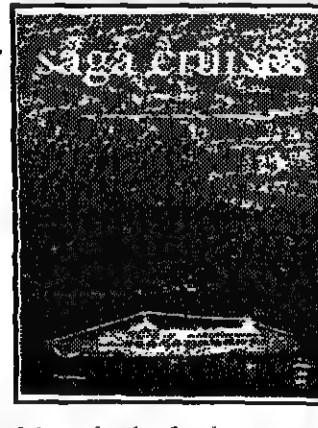
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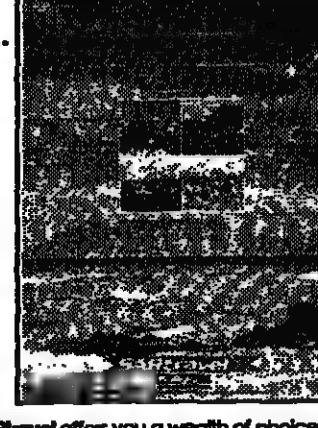
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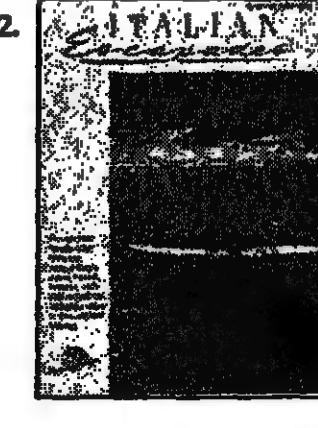
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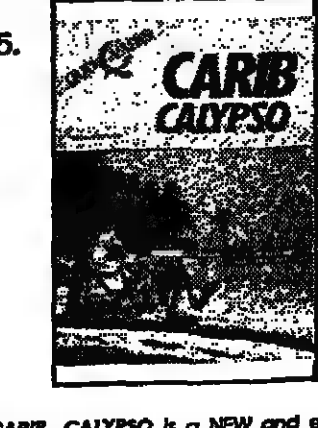
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## TRAVEL '91

# Foreign travel? I'm sick of it

Says Nicholas Woodsworth, who offers advice for healthy holidays

"IS FOREIGN travel worth it?" Normally my answer would be a resounding "yes". But if asked that question on a recent Thursday morning while lying prone on a gyrate at London's University College Hospital, my answer would have been a resounding "no".

How could anyone cling to that with nothing but a paper gown around their upper regions and a rubber hose planted firmly in their lower regions otherwise?

Filling my lower intestine with barium and X-raying the results was only the last in a long series of attempts to find out what I had picked up somewhere between Namibia and Indonesia. In fact I had been prodded and poked by half-a-dozen doctors, had discovered in harbour four varieties of intestinal parasite, and received eight antibiotic treatments.

Nonetheless, "upset tummy", that English euphemism for diarrhoea, was still to go, in my case, to the bottom of the problem.

Most people on holiday in Asia, Africa or Latin America - and I am no exception - tend to do what pleases them. If they prance the way of small children at a nearby beach restaurant, or order ordering that if there were a few mosquitoes buzzing about on an unbearably hot and humid night in Delhi, would you change into long trousers and trousers, would you dare I say it, an extremely unattractive Tibetan? I dare I say it, an extremely unattractive Tibetan? I dare I say it, an extremely unattractive Tibetan?

If the answers to any of these questions is "no", there is a chance that you will bring home with you a

more than an upset tummy: dysentery, hepatitis, malaria and AIDS are only some of the dangers of these everyday holiday choices.

The only way to avoid the million and one health risks that accompany foreign travel is to stay at home. If we acted on every piece of advice issued by doctors when we travelled abroad, we would end up not drinking, eating or leaving our hotel rooms.

There is, of course, another and opposite simple truth - the vast majority of travellers to Third World destinations come home unscathed after perfectly enjoyable holidays. In conditions that offer less than perfect hygiene, it is possible to eat and drink well and do the things one has set out to do, whether it is crossing the Sahara or lying on a beach towel. The secret to travelling and staying healthy is elementary: find out what the risks are and take reasonable steps to avoid them.

"Travel means constantly balancing the health risks that accompany travel against the pleasure or excitement they give," Dr Ron Behrens, consultant physician at the British Airways Travel Clinic, told me when I visited him at the renowned Hospital for Tropical Diseases in north London.

Dr Behrens is a travel health specialist who approaches questions from a pragmatist's rather than a theoretician's point of view. He believes that if the risks are low, and the traveller informed of how to best cope with them, they are worth taking. Otherwise, travel becomes impossible.

In practical terms, this means obtaining the best possible knowledge of one's destination prior to departure. Know the diseases present in the area you are going to, how likely you are to be exposed to them, the measures that can be taken



to limit exposure, and what should be done if you do come down with something.

Getting every vaccination possible is the guarantee of invulnerability. Dr Behrens says that only a few per cent of travellers' health problems are vaccine-preventable. Even if you have been vaccinated, inoculation rarely offers complete protection. Cholera vaccines, for example, offer only 50 per cent protection.

Much more important is being prepared for the 95 per cent of problems that vaccinations do not cover. This means two things, says Dr Behrens: coming equipped with the right medications and materials, and altering daily living habits to minimise exposure to risks.

I asked him how he would apply these two maxims to diarrhoea and malaria, by far the two largest problems affecting travellers to the Third World. There is often little that can be done to prevent diarrhoea - fully half the foreign travellers to North Africa, for example, suffer from diarrhoea at one point or another.

Just about everything you eat can be contaminated with the bacteria that causes it, and in practical terms the advice is to eat "street food" - shellfish, dairy products, unpeeled fruits, raw vegetables and so on - are often difficult to avoid.

Water, however, is one source of contamination that is easily controlled. Drink bottled water if it is available and boil or sterilise water if it is not. Avoid ice in drinks. In some cases it may be advisable to take a water purifier with you.

Luckily, diarrhoea is rarely a serious complaint, and most people recover in two or three days. Dr Behrens advises plenty of rest, lots of liquids, and, if necessary, oral rehydration salts.

Malaria, affecting 2,500 holidaying Britons annually, is the traveller's most common health hazard. It is also much more serious. Every year a number of deaths are registered in Britain after returning travellers fail to respond to warning chills or fevers. Certainly drugs, often quinine-based, administered by the

prevention of malaria, but in themselves are insufficient. In many parts of the world malaria-bearing mosquitoes have developed resistance to previously effective drugs. In Africa, only 60 per cent of people taking malaria tablets are receiving effective protection.

"We now have to rediscover the anti-malaria methods the colonials discovered," says Dr Behrens. In addition to using insect sprays, skin repellents and electrical vapourisers, we must also return to the use of protective clothing after dark, live in screened rooms and sleep under mosquito nets. The only sure way to avoid malaria is to avoid being bitten.

Other major health hazards for travellers, in order of descending magnitude, are respiratory tract infections, the parasite giardia, amoebic dysentery, and hepatitis A and B. But Dr Behrens cites the AIDS virus as one of today's most potent threats to travellers.

"There is an enormous misunderstanding among the travelling public," he says. "Many believe the chances of being infected overseas are the same

as those of being infected in Britain." He points out that in central Africa one in five women are infected with the virus, while in Kenya 90 per cent of all prostitutes are seropositive. He also points to irrational behaviour induced by alcohol. "After a few drinks, some people go right ahead, even when they know the AIDS risks they are running."

If you are unsure and want to know the health risks you are running by travelling to some far-flung corner of the world, get in touch with a specialist; your GP does not usually have the kind of knowledge necessary.

Reliable sources of information are the 28 British Airways travel clinics scattered throughout the UK. The might begin by telephoning the Hospital for Tropical Diseases health line (tel: 0888-345-081) which features a 24-hour voice-responsive computer that will give you current health information on any of 61 countries. In London, the AA travel clinic at the Hospital for Tropical Diseases can be reached on 071 284-2774.

## TRAVEL BUSINESS

# Holidaymakers look to the US

NEXT WEEK could be critical for the British travel industry. After the surge of interest in holiday bookings shown immediately after Christmas and the New Year - when many travel agents offered special price discounts - the trade is waiting to see whether this interest will be sustained. "It's an important week for us," says Thomas Cook, one of the largest chains of travel agents. "A lot of people have been reading the brochures and comparing offers before deciding to book. Next week will see if they actually translate their interest into firm bookings."

If it was just the recession and high interest rates that were holding back bookings, then the travel industry would probably not be too depressed, but, like many other sectors dependent on consumer confidence, the Gulf crisis is the major uncertainty. Michael Myers, marketing director of Italian tour specialist Cititalia, says: "People are holding back because they are worried about what might happen."

Cititalia's bookings have been quite buoyant this winter but are looking uncertain for the summer months until the Gulf crisis is resolved. Bookings for the main package holiday operators to the Mediterranean are running between 10 and 20 per cent down in volume compared with this time last year, itself a poor period for the travel trade.

However, some individual destinations are bucking the trend. Crete, for example, has bookings ahead of last year, as has Sardinia and Sorrento in Italy.

But what is already clear about 1991 is that holidaymakers are voting with their feet while demand for short-haul destinations is down, long-haul is doing better than ever. The uncertainty in the Gulf means that holidaymakers are increasingly looking to the US.

Florida is doing well, helped by dollar weakness and aggressive marketing from tour operators. Trade estimates put the level of

Florida bookings this year up by 30 per cent on the same time last year.

Many Britons, however, are preparing to venture further in the US. Apart from a growth in bookings to the west coast - San Diego, Los Angeles and San Francisco - the fastest-growing destination is New Orleans in Louisiana. America apart, Africa is the long-haul destination most in demand, with Gambia and Kenya the two most popular holiday spots.

WOULD YOU recommend the tour operator you last used to a friend? *Holiday Which?* magazine, published by the Consumers' Association, asked this of nearly 13,000 of its readers who had taken a package holiday over the previous year.

Top of the poll of 44 travel companies was French specialist VFB Holidays of Cheltenham, Gloucestershire, bottom was Airtours, the fourth largest UK tour operator. Thomson Holidays, the largest UK tour company, came 19th in the league table.

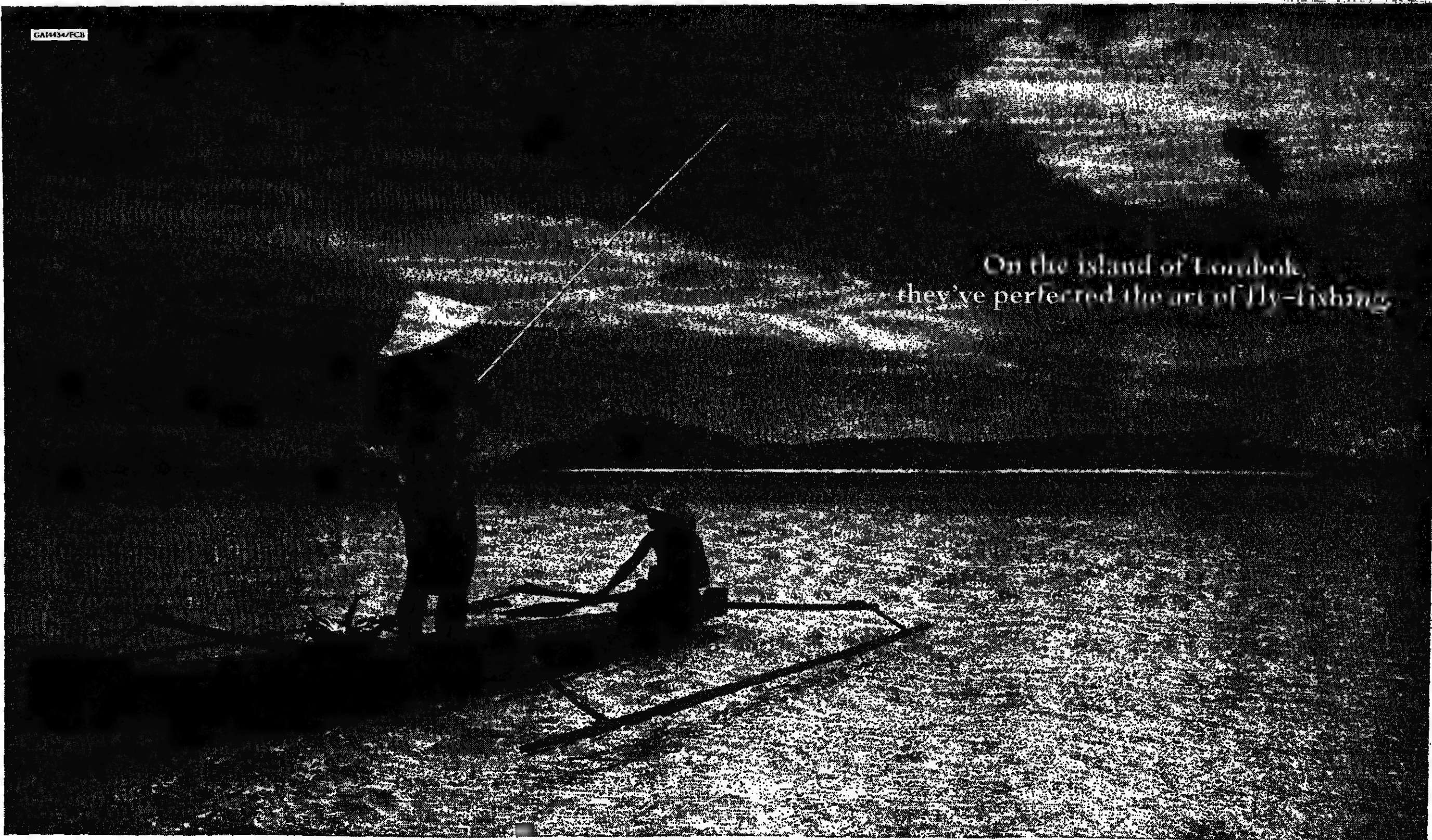
Airtours came bottom in three of the five categories on which the companies were measured - accommodation, brochures, and the quality of its representatives. The company feels unjustly pilloried since the sample only included 279 respondents who had taken an Airtours holiday.

VFB and the Travel Club of Uppingham, the runner-up, are direct-sell tour operators which cannot be booked through travel agents.

AATO has just published a directory of these specialists, available free from AATO, PO Box 180, Isleworth, Middlesex, TW7 7EA.

Our *Living on Less* travel article last week gave the wrong telephone number for Winterland ski holidays in Switzerland. It should have been (Newbury) 0635-30621. The article on UK country breaks published on December 23 was written by Angela Waglessworth, not Denise Bagwood.

David Churchill



On this peaceful tropical island, just 20 kilometres from Bali, the local fishermen have developed a unique way of casting out their lines.

To clear the coral reef just off the beach, they make a kite from a large, dried leaf and a pair of sticks.

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Lombok is just one of the 13,667 fascinating islands that make up the Indonesian archipelago. Each one with a charm of its own.

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## PERSPECTIVES

## Back to School

## From Sussex to the halls of Montezuma

Scholarship girl Emma Tucker revisits New Mexico and recalls her international education

**S**HORTLY AFTER first arriving in New Mexico in August 1983, I walked to the post office with a homesick letter for my parents in England. As I neared the building, a black Cadillac drew up beside me.

An opaque window hummed open. "Are you from the college?" asked a voice. "Yes," I replied. "Are you a socialist?"

The question was not entirely unexpected. Everything about my sixth form college, its name - the Armand Hammer United World College of the Americas West - its location - virtual isolation in northern New Mexico at the end of the now near defunct Santa Fe railway trail - its student body - a global mix that included Russians, Chinese, Hungarians and Bulgarians - often led to misunderstandings, not least with the locals.

Funding a school devoted to peace and international understanding was one of the lesser-known pursuits of Armand Hammer, the late president of Occidental Petroleum, who died in December. The college is one of seven United World Colleges, the first of which, Atlantic College, in Wales, was opened in the 60s. Originally founded by a group of individuals including Kurt Hahn, of Gordonstoun fame, the principal aim of these colleges was to "promote international understanding through education".

At the age of 16 I won a scholarship to go to New Mexico after taking O levels at my comprehensive in Lewes, Sussex. My education was paid for by a New York couple who donated three scholarships to the movement. I never met them, but wrote to say thank you at the beginning of each term.

The Armand Hammer United World College opened in 1982, after Prince Charles, president of the international council of the United World Colleges, approached Hammer for funding. Hammer came up with several million dollars and set up a foundation to pay for most of the running costs.

As a site for the new college, he picked an empty hotel in Montezuma, New Mexico. The "castle", as we called it, was once the destination of railway travellers attracted by the nearby thermal springs that are now part of the college campus. The turrets of this red-brick, neo-gothic building still stand out on the pine-covered slopes of the Rocky Mountains at 6,700ft. For most of the year it stood empty, opened only for Hammer's yearly visits when trustees from Los Angeles would land on the soccer pitch in their helicopters.

Every year since the college's opening 200 students from about 70 countries have travelled to Montezuma, which consists of a post-office and three miles from Las Vegas, New Mexico.

Unlike its Nevada counterpart, New Mexico's Las Vegas is a relatively poor town with a mainly Hispanic population of 18,000. The outskirts are a jumble of mobile homes, beaten-up Chevys, stray dogs and donut shops. The area is an odd introduction to the US. It has none of the glamour of the West Coast, nor the sophistication of the East, and when I returned recently, I felt no less alien than I had done initially at the age of 16.

However, as a mere visitor this second time, I did not face the many pressures that confront new students: the international baccalaureate, taken by all students at the end of the two years, made enormous demands on us. But the effort paid off - the broad scope of the IB was widely respected and did me no harm when it came to applying for universities in Britain. At the same time we faced settling in with a foreign room-mate, and Kurt Hahn's legacy of compulsory outward bound activities.

I had also forgotten the immense energy that 200 16 to 18-year-olds can produce. The campus was still a frantic combination of study, sport, do-gooding and gossip. At 16 I had seemed innocuous; seven years later it proved pretty tiring.

To escape I spent an afternoon in the pungent waters of the hot springs, chatting to three students from Colombia, North America and Israel.

They were of the problem of drugs on campus, where to put the smoking room, and the Gulf Crisis. The conversation sounded familiar: campus life had always revolved around the grandiose and the mundane.

I was pleased to hear that some of the battles we had fought had since been won. The college, wary of litigation US parents (the college takes 50 North American students), had strict rules when I was there. A dormitory curfew of 10.30 pm was supposed to protect us from inmates of the nearby state mental hospital - and to protect students from "non-western" cultures from the bedroom excesses of "western" students. In return, staff more or less turned a blind eye to lifts up the nature trail with sleeping bags booked out from the camping equipment room.

State law also prohibited alcohol for the under 21s, which led to illegal drinking on a scale I have not since witnessed. In my year a Zambian student, in possession of false ID, established a vigorous black market.

This law also meant that on grand occasions like graduation a bright pink "fruit punch" would be served. These celebrations would be graced by the presence of Hammer and his entourage. I shook his hand twice and heard the "When I met Lenin" speech three times during my two years. He came over as a pleasant enough man,

but with typical adolescent cruelty we mocked his habit of dropping names and referring to visits to "Buckingham Palace, London, England." But when he died I was genuinely sad - after all, without him, none of us would have had the two years in New Mexico.

The purpose of my return visit was to deliver a talk on Thatcherism as part of the college's World Affairs programme. By the time my week-long trip was over, I felt revitalised by the enthusiasm of the UWC. But I was also relieved not to have the greatest trauma of all looming over me - the grand, end-of-year farewell when devoted friends of two years would leave for different parts of the globe.

Indeed, my departure this time was far quieter than when I left in 1985. Then the tears and hugs reached fever pitch by the time the first students left for Albuquerque airport; indeed, one Brazilian boy cried so much he had to be carried to the bus by two teachers. This time, I carried on quietly after my second day hectic international understanding...

Anyone interested in finding out more about the United World Colleges should contact Richard Taylor, International Development Director, UWCs, London House, Mickleburgh Square, London, W1M 2AB.



Emma Tucker: her school was devoted to peace and understanding

## Motoring

## Running out of road

**T**HIS IS going to be a record year for new models. At all levels there will be an embarrassment of choice. Whether potential buyers, personal or corporate, will have the funds to translate desire into the reality of ownership is another matter.

The industry and trade, licking the wounds sustained in the closing months of the old year, hope they will. Realistically, makers and distributors alike know things are going to get worse before they get better.

Through the Society of Motor Manufacturers and Traders, they are urging Norman Lamont, the Chancellor, to lower interest rates. They see the high cost of borrowing as the main reason for the decline of about 12 per cent in car sales in Britain last year. The SMMT reported a healthy 19 per cent rise in British vehicle exports last year and a 1 per cent decline in imports, which cut £1m off the automotive trade deficit. In the SMMT's view, export success depends on a thriving home market.

Hence its appeal to the Chancellor to make car buying easier by lowering interest rates and doing away with the 10 per cent special car tax. If he listens (which I doubt) the car population will continue its inexorable rise. Traffic congestion will worsen. Conditions in the run-up to Christmas which made the use of a car almost impossible - considered restrictive at times - in many town centres will become the norm.

Sooner or later government will have to decide how many vehicles this country's road system can support and take steps to stabilise the car population. Increasing the rate at which clapped-out old cars are scrapped, by toughening and policing the annual test properly, would be a good start.

But that is for the future, when government again feels strong enough to take action it knows to be necessary, but politically unpopular.

Turning to more pleasant topics, the Renault Clio, which replaced the Renault 5 and was voted European Car of the Year 1991, arrives here in March. The runner-up, Nissan's Primera, should be more freely available by then. It all depends on a resolution of the complicated differences between Nissan UK (the independent distributor which sells it), Nissan Motor Manufacturing UK (which makes it) and Nissan Motor of Japan (which pulls the NMMUK strings).



The styling is certainly sleeker and the glass area is bigger but the new 3-Class is still unmistakably a top-line Mercedes-Benz

Primera is an excellent car. I put it at the top of its class for refinement, build quality and sheer driving enjoyment, whether it is the 1.6 litre entry model or the sporty, high performing 2-litre.

Some feel that if the voting for Car of the Year had been less nationalistic - and in a few instances less obviously perverse - Primera would have won.

Most of the cars now leaving the Washington, Tyne and Wear, factory are left-hand drive export models. That is

comes only as a 4-door saloon though other body styles will follow. Since 1986 BMW has made 4.5m 3-Series cars and for years the model has accounted for half BMW's sales in Britain. The new one, which goes on sale here in March, could well attract 5-Series buyers forced by economic pressure - and in a few instances less obviously perverse - to trade down to a smaller car.

They are unlikely to be disappointed. The new 3-Series, which is - inevitably, I sup-

pose - a little bigger all round than the car it replaces, is more like a scaled-down 5-Series. Its aerodynamics are better than before; it has a new rear suspension developed from that of the Z1 roadster; and among transmission options with 4-cylinder engines is a 5-speed automatic.

A 5-speed automatic will also be a feature of the new Mercedes S-Class which is to be unveiled at the Geneva Show in March. All versions of this successor to the car which still sets the standard among luxury executive-class saloons will have multi-valve engines.

Other S-Class innovations will include power-assistance for door closing - something the tailgates of Mercedes estate cars have had for several years - and double glazing.

At first, the engine will be in-line sizes and V8s but a V12

**Sooner or later government will have to decide how many cars UK roads can support, says Stuart Marshall**

because Nissan Motor will not let the factory supply Primers to Nissan UK at prices which its chairman, Octav Botnar, says will allow them to compete effectively with Ford Sierra, Vauxhall Cavaliers and Peugeot 406s.

What Nissan UK finds particularly galling is that British-made Primers are selling in countries like Germany (where Nissan Motor has its own distribution network) at up to 22,000 below UK list prices.

Nissan Motor has told Nissan UK it will be ending the agreement under which Botnar's company has in the last 21 years sold almost 2m Datsun and Nissan cars in Britain. Legal battle has been joined. All one can say with certainty is that much fun will fly before the outcome is known.

BMW has already unveiled its latest 3-Series. At present it

will be added in mid-year. Mercedes says the new 3-Class cars will have exceptionally low exhaust emissions. Just before the Mercedes 3-Class makes its debut, Nissan will launch the successor to the Sunny range of small/medium family cars. Four different versions - a 4-door saloon, 5-door estate, a hatchback with three or five doors and a pretty 2-door coupe - will appear simultaneously.

The entry models will have 1.3 litre, 79 horsepower engines but all of the new range - probably to be named Pulsar rather than Sunny - will be available with a 110 horsepower, 1.6 litre unit. For higher performance there will, it is said, be a 140 horsepower 2.0 litre and for ultra-economy, a 1.7 litre diesel. The new Pulsars will be slightly up-market of the current Sunny models and prices are bound to be higher. Citroen's new ZX, which fills the gap between the supermini AX and the medium-sized BX, will be launched in France any day and is due in Britain in late summer.

Citroen has ambitions to five per cent of the British market against 3.05 per cent at present. So it seems certain that ZX will be priced very competitively and that several diesel versions will be on offer.

Citroen is the UK diesel market leader with the BX. A Citroen XM estate car will appear, probably at Frankfurt Show in September, to give Volvo, Mercedes and Vauxhall a long overdue run for their money in a segment Volvo in particular has made almost its own. Lancia's big Thema station wagon is due here in the Spring, as is the Fiat Tempra estate. A Ford Escort estate with Sierra-style four-wheel drive is promised for mid-year.

Late in the year Peugeot is expected to introduce a new small car, which will make use of some Citroen AX components, and a Vauxhall Astra replacement may also appear. By this time some of Ford's new Escort models may be powered by the multi-valve engines they were expected to have at their launch last autumn.

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At first, the engine will be in-line sizes and V8s but a V12

## Gardening

## Scholarly work bears fruit

Take advantage of new horizons, urges Robin Lane Fox

It is not just a list of 5,500 gardens, past and present: it is also a guide to works of art, literature and local history. Desmond based part of it on antique prints, the wide range of famous engravings by Kip (the Kip's views), hundreds of entries in architectural books from 1700 to 1800, country histories and even the designs on 952 pieces of Wedgwood dinner service, painted with English country scenes, for the Empress Catherine of Russia.

If you ever want to write or study anything about a local historic garden or any place mentioned in literature, this labour of love is the point from which you must start. It opens up vistas as long as any in the Anglo-French style of gardens in the 1700s: I wait keenly to see what uses others will make of them.

Growers are also much better off when I first heard of a plan to list every garden variety of plant on sale in Britain. I thought that this one-man folly would outpace any author. Fortunately, I was wrong again. Chris Philby's *Plant Finder* is now in a new edition: it lists no less than 45,000 plants and where to buy them; it has become the bible of gardeners, the passport for serious nursery-hunting and a godsend to those of us who were starting to lose track of plant

old favourites, such as lemon-yellow *Anthemis Wargrave*, let alone such mainstays of dry summer as the best forms of *Erodium* or the wild *Onosma Tauricum*.

When life's going gets tough, or the weather is beastly, I take to my bed, bath or lavatory with the *Plant Finder* and drift away into "far other worlds and other seas". It may be too good a book for your local bookshop, but you can order it for \$9.99 plus postage from Moorland Publishing, Moor Farm Road, Airedale, Leeds, LS2 9PL. The entry on Gentians alone is worth the price.

Behind it lies the momentum of the new plant conservation groups. Once again, I doubted if their aspirations would ever come to anything serious. In 1976, the Royal Horticultural Society held a conference to consider how to stop many garden plants from disappearing from cultivation. The task seemed almost impossible, but it was taken on by an amateur grouping which called itself the National Council for the Conservation of Plants and Gardens.

Since 1982 it has shown up pestering like myself. More than 600 collections of particular families of plants have sprung up in private hands. NCCPG plant sales attract avid

gardeners, keen to bid for bits of a forgotten rarity; colleagues and social contacts have multiplied: two friends have even found themselves specimens of that disappearing breed, a wife.

In 1991, the results of this amateur upsurge stand out in the National Plant Collection Directory. It costs £2 (including postage) from the NCCPG Secretary, The Pines, Wisley Gardens, Woking, Surrey. It is a marvellous companion for lecturers and travellers wherever the road leads them.

All over Britain there are local collections of a particular family of plant: dahlias, delphiniums, and dandelions have been grouped up in Leeds; junipers are in safe hands near a power station in Staffordshire; 33 types of red and orange *Crocus* can be inspected at Newport on the Isle of Wight. The directory lists opening times and is particularly valuable for its advertisers. Many of the most plant-wise nurseries have taken space, giving a rapid guide to the best in the British trade.

You see, I hope, what a vista lies before us. If you want to track down a garden, old or new, you only have to look up the bibliography; if you want to take a punt on an unfamiliar plant, the *Finder* will tell you where to buy it; if you want a nursery with any particular speciality, the *Finder* lists hundreds of them too, in all their human and botanical diversity.

If you do not like puns, but wish to look before you leap, you can turn to the directory, visit a national collection and back your judgment as to which of a plant's forms are the best and too seldom grown. The information has never been better and now it is up to us; it is time that this new mass of knowledge made a mark on our gardens in the next decade.

## Bringing light to the darkness

A COMMON problem is how to make completely attractive enclosed courtyards and other places that get no direct sunshine though they are open to the sky. In fact, no difficulty has been found in finding foliage plants for such places though flowers may need to be brought in on a seasonal basis in pots or other containers or even large dispensers with variegated leaf plants being used to give a range of colours other than green.

For example, all hollies that will grow in quite dense shade and there are plenty of varieties, such as Golden King, Golden Milkboon, Silver Milkboon, Golden Queen, Silver Queen and Golden van Thol, to give colour indicated by their names. None of these hollies is fussy about soil and all can be pruned or clipped more or less as one likes to fit them to the space that is available.

Common box, *Buxus sempervirens*, is also happy in shade and will probably stand more clipping than any other shrub. It does not offer the same variety of leaf variegation as holly, and the colour of so-called golden box is better in good

light than in shade but there is a very attractive variety, appropriately named *Elegantissima*, which has little pointed leaves, green in the centre but edged with cream, which makes a dense and shapely bush. It is my favourite box and is quite easy to buy.

Few shrubs are better able to cope with dense shade than *Salicifolia*, but the leaves react to varieties that tend to be speckled or blotchy and are not to everyone's liking. One of the best is called *Crotonasella* which has a broad shiny green leaf variegated with yellow and blotched with yellow and certainly capable of lighting up a dark place. I grow it and another, named *Salicifolia*, which has much narrower, dark green leaves and lighter green stems. *Aucubas* can also produce fine red berries but, like hollies, some plants are male, some female, and both sexes must be grown for berries to appear. Unfortunately, I find it much more difficult to get reliable information about this. Everyone seems to agree that *Salicifolia* is female but some say that *Crotonasella* is male and others that it is female. Certainly, neither of my bushes has ever had berries and so I suspect that I have no male. Apart from this uncertainty, *Aucubas* have all the virtues: ease of cultivation, fairly rapid growth and a readiness to put up with almost any degree of pruning, best done in May.

The laurestinus, *Viburnum tinus*, is another easily-grown evergreen shrub and one which produces its flat clusters of red buds in the autumn and opens them to white or pink tinted flowers some time in winter or early spring.



There is also a variety with leaves blotched with light yellow. It is almost as easy to grow as the common green leaved kind but not quite as tolerant of dense shade.

A lower-growing and more compact relation is called *Viburnum davidii* which has rarer, more deeply-veined leaves, flowers that are not so clear white but produce berries that are larger and bluer. Here again, there can be pollination difficulties but not quite of the same straight-forward male and female plant kind that afflicts the hollies and *Aucubas*. But it is undoubtedly wise to plant several bushes fairly close together to ensure that there is cross-fertilisation.

Some of the best evergreen variegation of all is to be found in certain varieties of *Elaeagnus*, most notably *Elaeagnus pungens maculata*, which has a large golden blotch in the centre of each shining green leaf and in a garden hybrid named *Gilt Edge*, in which the effect is reversed, with the centre of the leaf green surrounded by a band of yellow. Both are stocked by most tree and shrub nurseries and garden centres. *Ivies* will grow in the densest

shade and can be used to cover walls or to carpet the ground or cover almost anything else. There are numerous varieties with variegated leaves, some of which, such as *Buttercup*, are all yellow, others, such as *Gold Heart*, and the very large leaved *Dentata Variegata*, a mixture of green and cream and one, named *Tricolor*, a blend of grey-green, white and pink.

However, many people do not like ivy, believing that it damages buildings and trees and gets under tiles and into water gutters. There is a way out of this. When ivy reaches the top of whatever it is climbing it starts to branch out and produce clusters of small, greenish yellow flowers followed by blackberries. Once this happens that particular growth never climbs again but forms a bush and any cuttings taken from it and rooted will also make bushes with no tendency to climb.

Finally, there is the possibility of growing camellias in shady places, probably the most beautiful of all the flowering plants that will succeed without any sun, although the number of flowers produced is likely to be fewer than with more light. Those hybrid varieties, classed collectively as *Camellia williamsii*, are the most likely to do really well and varieties, such as *Donation*, with big double pink flowers, and *J.C. Williams*, with single pink flowers, are especially reliable, but the list of fine camellias gets longer by the year and both nurseries and garden centres usually maintain excellent stocks in containers.

Arthur Hellyer

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## BOOKS

## Last voyage of Bolívar the Liberator

Not even Conrad has described a journey more memorably, says Anthony Curtis

THE GAP between end and reality is a recurring theme in the work of the Latin American novelist Gabriel García Márquez, awarded the Nobel Prize for literature in 1982. His early training, after he graduated from the National University in Bogotá, was in journalism. His first novel, which was published in 1947 when it was published in the journal *El Espectador*, was the story of a shipwrecked sailor. Márquez interviewed the sole survivor of a disaster at sea, Luis Alejandro Velasco, and at his invitation published an account of the shipwreck significantly different from the official version. Latin America is a region where official versions of events differ more widely from the private accounts of people involved, than in other parts of the world.

In 1948 Márquez revealed that the investigative journalism was all very much alive within the magical realism of his work. He spent a long time with the Chilean film director Miguel Littin who returned in disguise to his country in 1948 as a result of his re-entry to a film of what life was like under Pinochet. "I realised," Márquez wrote, "that behind the film there was a hidden scenario. To capture this hidden scenario Márquez taped 18 hours of interviews with the film director and published an absorbing account, as if by Littin himself, under the title *Chilean in Chile*. The Chilean director impounded and burned his book, but it was published here translated by

Aza, from Granta Books in paperback with Penguin. No-one knows better than Márquez that when you explode one legend you only uncover another. That was brilliantly demonstrated in his most successful short novel, *Chronicle of a Death Foretold* (available with *Love and Other Stories* in Picador paperback) where the re-investigation of a murder in a small town in Colombia (typical of Márquez-land) leads the hypnotised reader through a closely interlocked set of local events. The narrator, as is customary in Márquez's fiction, possesses the wisdom of hindsight. What appeared to be a murder to most was a ritual killing in a



Gabriel García Márquez: master of magical realism

## THE GENERAL IN HIS LABYRINTH

by Gabriel García Márquez

Jonathan Cape £13.99, 201 pages

member of the small minority in which nearly everyone was implicated. In 1820, Bolívar the Liberator, translated from the Spanish by E. V. Rieu, was back in this region at a point in the 19th century when the erupted lava of legend is cooling and solidifying into history. The Spanish-South American War of Independence has been won and is already receding in the mind as a golden age. Simon Bolívar's dream of a Confederation of Gran Colombia (comprising Venezuela, Colombia, Ecuador and Panama) has been shattered. The Confederation is breaking up into separate bitterly divided nations and a prolonged power-struggle has begun.

In 1820, Bolívar the Liberator, at the moment when Márquez engages with him in this exquisitely well-written book, has resigned the Presidency and is lying meditating "in the purifying waters of his bath" in his palace in Santa Fe de Bogotá. He says to his servant José Palacios, the other major character in the novel, "Let's go... as fast as we can. No one loves us here". The remainder of the book traces his last journey, accompanied by a small band of military officers still faithful to him, down the Magdalena river to reach at length the coast in the north where he

with marvellously realised detail.

Márquez's novel recreated - through the medium of translation - that steamy, jungle region, bounded first by an imprisoning range of mountains beyond which lies the Caribbean Sea. The book swept the reader along relentlessly and made him feel that he was undergoing not an imaginary journey but a real one.

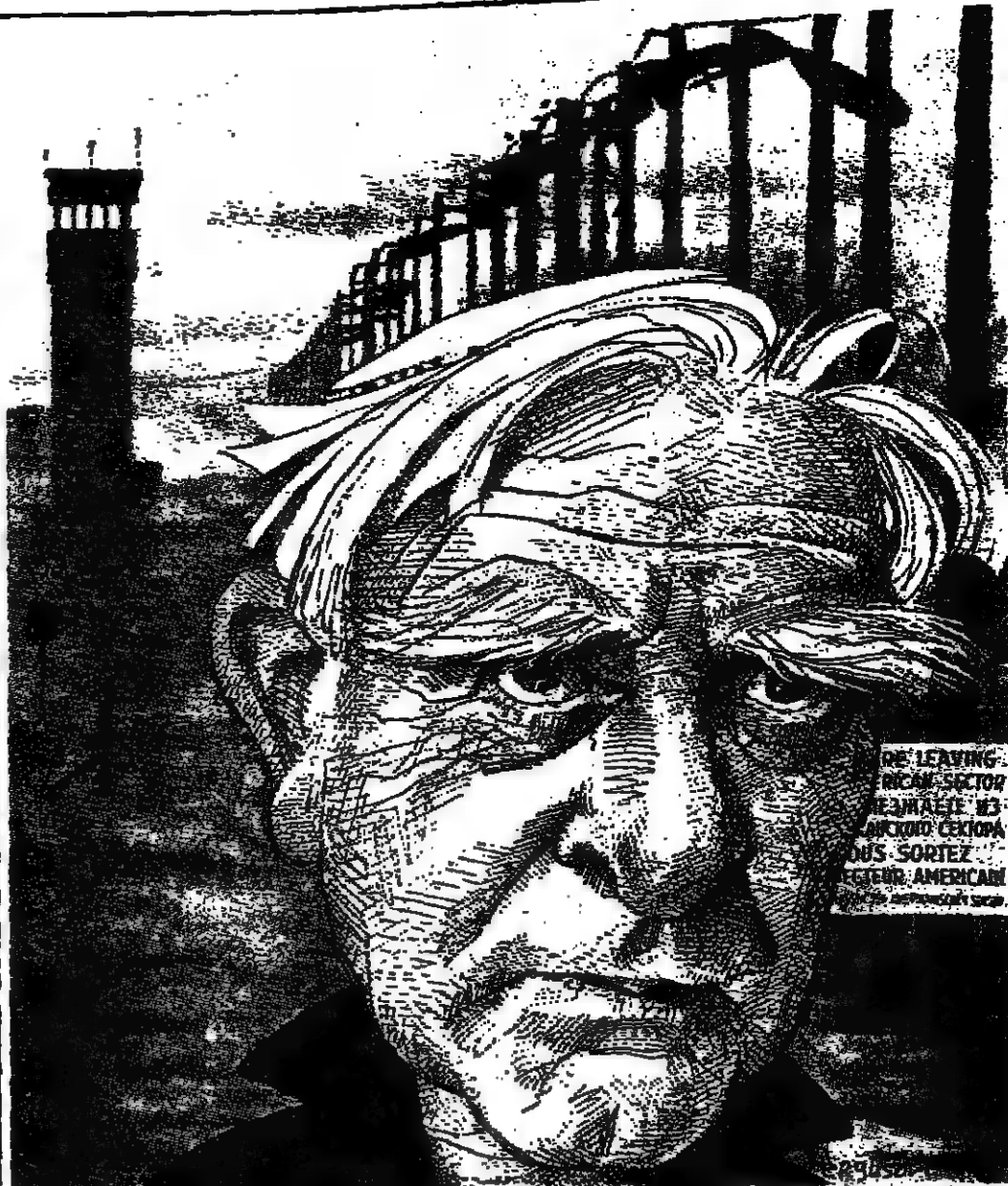
With Márquez's latest novel, *The General in his Labyrinth*, translated from the Spanish by E. V. Rieu, we are back in this region at a point in the 19th century when the erupted lava of legend is cooling and solidifying into history. The Spanish-South American War of Independence has been won and is already receding in the mind as a golden age. Simon Bolívar's dream of a Confederation of Gran Colombia (comprising Venezuela, Colombia, Ecuador and Panama) has been shattered. The Confederation is breaking up into separate bitterly divided nations and a prolonged power-struggle has begun.

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plans to embark for Europe, the source of his inspiration and the source of his death. At the end of the journey, Márquez penetrates the mind of Bolívar as he passes at the various stations in his voyage. He does with great vividness and authenticity what the reader can never do: he knows whether what he is reading is fiction or documented history. The past is continually present to Bolívar as he goes further and further down river. But even Bolívar has his doubts. The kind of journey that Márquez describes is not only a journey of the mind, but also a journey of the body. He is capable of further conquests as his strength ebbs and flows. He tries to keep abreast of political events and to confer with his former comrades who have now become the enemies of his friends turned enemies.

The sense of betrayal - the loyal exceptions are his - and his long-term mission - engulfs him; all the sense of his destiny crumbling into disability and disillusion. Yet he is alert and responsible, rewarding those who have remained his trust, as he prepares for the end. This is a book to lift the reader out of his or her parochialism. We are made aware of the vastness of the world and the power in a revolution.

Anthony Curtis



## Deception recollected in tranquillity

John le Carré has been successfully hoodwinking his readers for 30 years, says Anthony Verrier

ONE OF the more reassuring indications of the continuity of English life, even in this far from belle époque, is a novel by John le Carré, *The Secret Pilgrim*, which is a novel of the atmosphere which the reader is used to believe.

Le Carré's world, derived from Orwell and Graham Greene, is one of dingy men and desperate women, betraying each other for no discernible motive and rarely identifiable gain. This is the illusory world and le Carré knows it is so. It has to be said that reading le Carré is like watching a man seriously disorganised by the workings of his own mind, understanding of how intelligence operations actually work in the real world of governments in enmity or alliance with each other.

It is to be added that le Carré's world compels attention. Detail provides a kind of dream-like verisimilitude. We

do not actually exist - and is all the more so when we are running in the Baltic. It is, as a Dornford Yates character might say, most rum.

It is le Carré to be considered as a writer - and a writer of the human condition have a long and interesting history. We have to ask ourselves why this particular confidence trick has been worked so consistently. We must accept le Carré's admission of a tormented childhood and youth; and it has to be said that the sense of deceit and betrayal thereby implanted in the five years which he spent in the SIS, suffered through Philby, and others' treachery, had been largely

by Dick White's advent as C in 1956, but George Blake's blowing of station officers and agents throughout Europe came but a year after le Carré's recruitment in 1960. When detente mitigated the worst severities of the Cold War, and did so substantially as the result of a remarkable SIS operation, does not appear to have given le Carré any real understanding that intelligence operations, assessment, and deception were activities of any conceivable value - or necessity.

There is, however, another if more critical explanation. In concluding his classic essay, *Victims of the Secret Service*, G.M. Young wrote a postscript for the 1950s which could well apply to Burgess and Maclean, to Kim Philby and maybe to le Carré: "cynicism and superciliousness, the stigma of a broken war and a waning class".

Le Carré knows all too well that a reader's treason can be caused by suggesting that cynicism and superciliousness are the normal human condition. Are they? In *Under the Western Eyes* Conrad shows compassion for the unintended victim. Greene's *The Ministry of Fear* is a study in loyalty rather than deceit. In Bowen's masterpiece of wartime treachery, *The Heat of the Day*, tells us something about motive, punishment and reward, about will. Le Carré seeks to deceive only for a similar reason. Yet in *The Secret Pilgrim*, le Carré appears to be making amends. Smiley's people are good chaps after all, and - says le Carré - long may they prosper at their trade. It's a pity that he didn't say so 30 years ago.

Anthony Verrier

## Desolate and black

WHAT MARSHALL said of Gogol applies to Himes. "Gogol is always strange. It is only your healthy second-rater who seems to the grateful reader to be a wise old friend, nicely developing the reader's own notions of life." Himes is a consistently high strange. His 20 novels, written between 1933 and his death in 1984, punctuate unnatural acts with

He is unrelentingly fresh; there is no typical Himes story. He copies Maupassant's voice-like endings with Chekhov's plotting techniques of mood. In the short story, Himes ranks alongside Hemingway for style and Eudora Welty for insight. One of Welty's best stories, "Where is the Voice Coming From?" (drawn from the murder of Medgar Evers in Jackson, Mississippi, 1963) gets close to Himes, but he is a consistently high strange. His status among American short story writers deserves to be much higher. He has James Baldwin's shrewd racial insight, Zora Neale Hurston's humanity and Raymond Chandler's narrative pace and nerve.

You can imagine Himes coolly singing the blues as the vehicle of greatness in American three-minute culture, the anthology train, left him at the station; but it also left him free of the attentions of the academic industry. It was now returning to pick him up not only on the thriller and suspense writer ticket but on the black writer ticket. The American establishment had never wooed Himes, as it never Baldwin,

## THE COLLECTED STORIES OF CHESTER HIMES

W.H. Allen £14.99, 429 pages

## RUN MAN RUN by Chester Himes

W.H. Allen £5.99, 110 pages

## CAST THE FIRST STONE by Chester Himes

W.H. Allen £5.99, 303 pages

Hurston and Welty with academic plaudits and fellowships. He wrote mostly for *Esquire*, *Crisis* and *Negro Story* in the 1930s and '40s. In the 1950s, he left his native Missouri to settle in Europe. Himes' stories are about the struggle of poverty, murder, racism, and occasionally love. He started writing in prison, where he was serving time for a jewel theft. His first story, "Her Whole Existence" (from *Byron* in the background) shows a subtle blackness which makes his brutal truths easier to bear. His 1953 prison novel, *Cast the First Stone*, tells of convict life and its stark routines; but it also weaves a love story through the corruption, blackness and racism. His hero Jim Monroe, who is rotting in the prison of prison, meets Dido Davis; they become great friends. "It was swell to be young and alive and have such a wonderful friendship, even if we were in prison," the narrator accuses them of "SP" (sexual perversion). Davis kills Monroe and Monroe gets paroled. Himes ends in his story to

shades of gloom in a darkly realistic "to see a twelve-year robber with a months' continuance. That was pitiful. That was like catching God sloppy drunk."

Himes can be relied on to surprise. He opens the 1960 *Run Man Run* with "Here it was the twenty-eighth of December and he still wasn't sober", introducing one of New York's finest comedians, the morning's news by violating a prostitute, murdering two black porters, and injuring another to emerge in the evening's headlines as "the luncheonette killer". Violence in Himes is never just for the sake of the fat guy, shot, landing in the kitchen gravy pail while the murderer vomits on the floor, is "the sight of violence unleashed because of race." And Himes blacks rarely "Uncle Tom" it by dreaming of the home and stowed chattering. He masters situations by putting a disarming smile at fatness in service of a sad, complex vision.

*Cast the First Stone* everywhere shows his melancholy, as if his lives weighed too heavily on him. Each story is an act of scrupulous control. Himes never lets his characters become mythic or archetypal, just plain extraordinary: the Texan who steals a lynching, the convict who breaks free inside, the tender killer yearning to confess. The stories trade in secrets and sombre truths realised late; his little ironies turn a coat, a look or a pearl behind 38 into the real hero. His characters dream of Works Progress Administration jobs, of getting out, of being even. The bleak



Chester Himes

city-made make him the Edward Elgar of print, sometimes painfully funny, never wantonly joyful, and always desolate. Himes wrote "The Last Day" in 1933, a simultaneous with the original of the grim genre, Orwell's "A Hanging"; here, the condemned man swaggers to the chair, "but in his eyes there was the subtle hint of fear." Himes catches these human moments, and tells unforgettable tales around them.

Andrew St George

## All spaced out

SPACE exploration is a temptation for publishers. Even though the story of mankind's forays into the cosmos has been a long one, it is a story that has barely imaginable vistas - bordering on fantasy - as people dream about how life might be lived on the other side of the universe.

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He wonders the subject is such a temptation for publishers. Even though the story of mankind's forays into the cosmos has been a long one, it is a story that has barely imaginable vistas - bordering on fantasy - as people dream about how life might be lived on the other side of the universe.

Cambridge Encyclopedia of Space is a cornucopia of facts, figures and ideas. Would you like to find out about astronauts' toilet arrangements, what Paris looks like from 500 miles up, the trajectory taken by a space probe as it lands on Venus and the inner workings of a nuclear fuel injector? The photographs and line drawings are superb. Missing, however, is any appraisal of what the billions of dollars spent on manned space extravaganzas since the 1950s have brought calculable benefits to ordinary people. *Space - The Next 100 Years* is like a scaled back

## THE CAMBRIDGE ENCYCLOPEDIA OF SPACE

edited by Michael Rycroft

Cambridge £40, 396 pages

## SPACE: THE NEXT 100 YEARS

by Nicholas Booth

Methuen £12.99, 128 pages

## YOUR SPACECRAFT MANUAL

by David Ashford and Patrick Collins

Henderson £10.95, 120 pages

the Encyclopedia. It is less ambitious but perfectly acceptable for those who want a tip through the facts on space exploration without wanting to spend the earth. *Your Spacecraft Manual* tells how space tourism could take off within the next few decades. Such ideas might seem completely crazy. But space exploration is a place for ideas from the ordinary world.

Peter Marsh

## Rags to riches

EUROPEAN HISTORY is here, published in eight European languages. Its explicit aim is to enquire whether a united Europe "would be an artificial creation or the culmination of a long historical evolution." The author is French, and the book is written by a professional historian who has spent much of his professional life working for the EC.

You would be forgiven a touch of scepticism. Who could be the human in such a work? Francis Fukuyama or Philip H. Kaitera? De Gaulle or... For Duroselle there is only one hero: Europe, star of a rags to riches story. From violence and poverty after the Roman Empire to the acquisition of art and science from Arab and Chinese. On the one hand, conquer the world with technology and industry only to mutilate it in 20th century wars. Now Europe stands on the threshold of another millennium contemplating the alternatives of debilitating fragmentation or a new golden age of cosmopolitanism.

It is a great and moving story, made effective by a scholarly yet accessible style, full of precise and several hundred well-printed colour pictures. The romanticism of the central idea is kept under control. The language is plain and the construction of chapters logical. Much of the sentimentality in school history is eliminated. Folk heroes such as Drake and Caxton are dropped in favour of those who made a real difference, such as Erasmus, Metternich and Calvin. From the start, Duroselle takes pains to identify the origins of current European and national institutions and the influence of power, the

## EUROPE: A HISTORY OF ITS PEOPLES

by Jean-Baptiste Duroselle, translated by Richard Mayne

Viking £25, 424 pages

decline of absolute rule after the English civil war and the Glorious Revolution, and the growth of nationalism. It was in the 19th century that nationalism became a powerful political force - a nation of Napoleon's was of course, rather than his intention to unite the continent.

Duroselle avoids the trap of elevating Charlemagne's empire into a precursor of single state Europe. The Roman Empire and Christianity are given more credit, but his method is not to identify unifying forces as much as to point out that borders have not been barriers to ideas. Voltaire, Rousseau and Kant were read across Europe. The middle classes first rose to power in both Britain and Holland, while industry and banking took hold from the Atlantic to the Elbe in the space of a few decades. So too did the aggressive nationalism of Napoleon, Bismarck and eventually the Nazis - the United Kingdom, for Duroselle, was it all, encouraged by the Continent to avoid being distracted from the repatriation of its imperial booty.

Europe is not invalid for being openly partisan. It is the reverse: it is a history that we learn a different history. It is a history that is a refreshing antidote to the most parochialism.

Daniel Green

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## ARTS

## British patronage, Kremlin silver

At this time of year Christie's and Sotheby's hold exhibitions rather than sales. Our critics report



Robert Maraden, one of the exhibitors at the Crafts Council

## The craft of twenty lives

VERY SOON the Crafts Council must give up its fine galleries on the corner of Lower Regent Street and Waterloo Place, the prime shop-window for all it stands for, that the Prince of Wales opened amid such furore and certain general hope can it only be 10 years ago? But the Council itself is not yet 20 years old, and if it must now move away from the West End, it is not at all because the end has come. Indeed, *Can't Stop Me Now*, the title of the latest if not the last exhibition at the present site (until February 24), though addressed to a particular aspect of the Council's work, is admirably positive a declaration of healthy optimism.

The Council has often been much misunderstood, for the Crafts still carry unfortunate connotations in too many minds of heavy mugs and raffia-work, evening classes and occupational therapy, beads, sandals and vegetarianism. To such prejudice, direct exposure to what the Council has already achieved can only come as a shock. Its simple belief, which runs for England and Wales - there is a separate council for Scotland - is to encourage and promote the work of the contemporary craftsman in any of the disciplines of the fine crafts which, yes indeed, may extend from pottery to weaving and basket-making. The essential distinction, one more of practice than of theory, is that the work should be of individual production as opposed to more systematic manufacture, though the territory between fine art on the one hand and industrial design on the other must ever remain undefined.

In this work of general encouragement and enablement, one of the Council's principal plays, along with exhibition, purchase and so forth, has been the award of a setting-up grant. The intention is clear enough, to assist the deserving craftsman in the earlier stages of his career by means of a maintenance grant currently set at £2000, and a further award up to a maximum of £5000, to cover half the costs of tools, materials and machinery. Lately some 38 such awards have been made each year, which in 1989-90 accounted for a total of £114,500. The scheme is as old as the Council itself and supplies the actual subject of *Can't Stop Me Now*.

Twenty recipients of the grant over the years, from the now very well-established to

the young and hopeful, were invited to show a selection of their work and to give some account of the difference the setting-up grant made to them in their working lives. The wide range of disciplines they represent includes a shoe-maker (Susan Hilsdon), an embroiderer (Alice Kettle), a musical-instrument-maker (Stephen Gottlieb) and a blacksmith (Alan Evans), besides the usual run of jewellers (Ros Conway and Ros Perry), ceramists (Susan Henderson and Jim Malone), a letterer (Lilly Lee), a silver-smith and metal-worker (Robert Maraden) and glass-maker (Simon Moore). Other disciplines are furniture (David Field), textiles (Usha Mahenthiralingam), Sally Freshwater and Jasia Szerszynska, carved mechanical figures (Jan Zahradka), clothes (Pam Hoag), product design (Russell Bagley), turned wood (Anthony Bryant) and tin and metal creatures (Lucy Casson and Andy Hazell, working together).

The work is as various as it is distinguished; some of it is presented in succinct retrospective, as with the studio pottery of Jim Malone and the more ambiguous ceramic forms of Ewan Henderson, or entirely new and unfamiliar, as with the enchanting tin animals of Lucy Casson, her charging cattle and pecking turkeys so crumbly active, or Jan Zahradka's immaculately surreal mechanical heads.

But the quality of the work, in itself, is not quite the point. Rather it is the role of the Council, implicit in the continuing commitment of each artist-craftsman that is here recognised and celebrated. "I decided to start my own workshop instead of designing for industry when I heard had been awarded a grant" (Susan Hilsdon). "I want to make beautiful things which other people can use and enjoy every day, and I want them to get better" (Jim Malone). "My work may well be some kind of absurd obsession, but since ideas continually lead on to other ideas that I am still trying to get right. I have to continue" (Robert Maraden). "I've found a way of using the machine which I couldn't have predicted... I continue because I'm so excited by what I'm doing. I feel as though I'm unwrapping a parcel and finding more and more" (Alice Kettle). Such, in the exhibitions, are the Creative Lives of Twenty Craftspeople, and who would Stop Them Now?

William Packer

AS THE Mozart bicentenary celebrations unfold in all their swamping excess and the number of Mozart record issues swells to absurd proportions, it's a relief to be able to report that rewarding lesser-known operas by other great composers have not been squeezed off the production line in the process. At this particular moment, indeed, I find it peculiarly satisfying that one of the most important operas of Antonio Salieri, almost certainly his grandest, should have been published on records for the first time.

This is *Les Danaïdes* (1784), his first work for Paris. It's a sombrely powerful score, carefully chiselled in style, masterly in dramatic structure, and its re-discovery should strike a knockout blow to the crude, *Amadeus*-inspired image of the composer as a contemptible mediocrity only worthy of being examined in a reflected Mozartian glare. That Salieri was not a creator of Mozart order does not need saying, that he was a fine, serious, considerable composer in his own right very much does.

The libretto of *Les Danaïdes*, by Calzabigi, had been intended for Gluck; but that short-tempered old genius, having taken the rejection by Paris audiences of his *Echo et Narcisse* very ill, passed it on (without Calzabigi's permis-

sion) to Salieri. Gluck's young Italian protégé, initially the new opera was announced as being by Gluck and Salieri - a publicity stratagem designed to win the unknown composer a favourable hearing in Paris, and only cleared up after the success of *Les Danaïdes* had been assured.

The Gluck connection needs underlining. This is a *tragédie lyrique* in the late-Gluck usage of the appellation, an adaptation of Aeschylus elevated in diction and layout yet tamed by those vivid strokes of emotional and psychological delineation that make Gluck's Paris operas so "modern" and so overwhelming. King Danaus (baritone) marries his 50 daughters to the 50 sons of his hated brother Aegyptus with the secret intention of later putting them to death; Hypermetra (soprano), genuinely in love with Lynceus (tenor), struggles between filial and marital duty before finally defying her now-crazed father, who in a finale of startling pro-Romantic violence is plunged to a hellish fate along with those 49 obedient daughters.

EVERY JANUARY the main auction rooms of Sotheby's and Christie's take a holiday from daily sales and give over their space to exhibitions, which attempt to be both scholarly and charitable. They also often manage to be profitable because works of art put on temporary loan somehow find their way under the auctioneer's gavel in the next twelve months.

There is no chance of that happening at Christie's this year. Its exhibition, *Patronage Preserved*, shows off objects that have found a permanent home in British country houses thanks to negotiated deals conducted by Christie's with the tax authorities.

There is an element of hypocrisy in all this because Christie's has thrived for centuries by acting as the selling agent for the aristocracy, conducting most of the auctions in the late 18th and early 20th century which scattered abroad the treasures acquired by the grandees of the 18th century. It has been quite happy in recent months to sell to American buyers such glories of the English country house as the Badminton cabinet and The Three Graces.

What is needed is more publicity given to acceptance in lieu provisions, and especially of the deals which form the basis of the current exhibition, works of art which have passed into national ownership but which remain in situ at home surrounded by their historic furnishings. It might annoy revolutionaries that the rich can pay tax with pictures or furniture which remain to embellish their houses but often this is the perfect setting - as long as the public has adequate viewing access.

This exhibition will play its part in popularising this solution. Quite naturally it appeals to British taste - these are the objects you have grown to know and love through visits to country houses. There are the family portraits, in particular that of Sir Robert Throck-

morton by Largillière which, although painted in 1729, still shows the proud young aristocrat in half armour. It comes from Coughton Court. There is silver, in particular the enormous wine cistern from Belton which George III ordered for the Speaker of the House of Commons, Sir Brownlow Cust. There are Chippendale armchairs from Nestlé Priory and Chinese export armorial plates from Shugborough. Brodsworth, Weston Park, Knole and Kedleston are among the houses that have been temporarily raided of almost a hundred of their finest furnishings to make a miniature Treasury Houses of Great Britain display.

It is elegantly displayed (until January 20th) and comes with an informative catalogue, the purchase of which helps the National Trust's Robert Adam appeal at Kedleston. And it is ultimately reassuring, for despite all the "heritage in danger" stories it reminds us how well stocked are our stately mansions with impressive, yet familiar, works of art.

Antony Thornicroft

LOOKING AROUND the world's great museums it often seems that our forebears indulged in an elaborate form of cultural past-the-parcel, leaving caches of national treasure in the most unlikely places when the music stopped. Berlin found itself with a cache of Greek pots, Madrid with more Italian Venetian, Istanbul rivals Taipei for Chinese blue and white, and the finest 17th century French costume and textiles are to be found in Stockholm. Where does one find Tudor and Stuart silver? Moscow.

The Armoury Museum in the Kremlin claims the pre-eminent collection of Pre-Restoration English silver, and it joins forces with Sotheby's to treat London to a spectacular display (until January 28). How the Kremlin came to hold this outstanding collection is the

The silver leopard dragon bought by Ivan the Terrible from Charles I



stuff of sea-dog buccaneering. Its rediscovery by the British the result of gentler pursuits, a chance remark made after dinner by the Russian Ambassador in 1890.

To medieval and Renaissance courts, silver was the most esteemed and costly art form and the consummate political tool. Its display was expressive of the status of its owner. It also proved easily convertible into ready cash - witness Charles I at the Siege of Newark who had his goldsmith cut up the tableware into diamond shaped "coins". The vagaries of fashion proved just as destructive to early plate as financial crises with families and institutions tending to refashion their silver every generation. Little wonder that the incidence of survival is relatively rare.

Kremlin silver was spared the melting pot. For the origins of the English collection we have to thank Captain Richard Chancellor who in 1553 set out aboard the *Edward Bonaventure* in search of the North-East Passage to Cathay and found instead the route to Moscow. He emerged from an audience with Ivan IV dazzled by the Tsar's gold plate, disgusted by the foul eating habits of the Russians, and with a tax-free monopoly of trade.

The Muscovy Company formed on his return supplied Ivan with luxury goods - textiles, gold, silver and spices - and returned home with tallow and ships' mast timber for the Royal Navy. It was to dominate Anglo-Russian trade and political relations for the next century. All but three of Elizabeth's letters to the Tsar were carried by merchants. The Virgin Queen and Ivan the Terrible proved formidable sparring partners. He hoped to secure military aid, political asylum and an English marriage, she kept him at bay for 36 years, all the while seeking concessions for her merchants.

Gifts of silver oiled the wheels of trade and diplomacy, as this show bears eloquent witness. Even so, the mass of

silver that took 24 men to carry, presented to the Tsar by Charles Howard, Earl of Carlisle in 1633, was not enough to win back the privileges the English merchants had lost as a result of the execution of Charles I. Tsar's did not approve of regicide.

Purchase as well as gift enriched the Kremlin coffers. The two most magnificent exhibits, each one of a pair, were acquired on behalf of the Tsar in 1629. They had left the "Great Gilt Copper of Estate" three years before, among the 20,000oz dispersed by Charles I when Parliament refused to grant him sufficient funds. The first, probably a gift to Elizabeth I, is a sleek and unusually fine silver gilt leopard, a great snarling heraldic beast with polished teeth and tight curls, rising on hind legs and rippling haunches to almost a metre high. Nothing like these ceremonial flags survive save their cruder wooden equivalents that adorn the staircases of prodigy houses.

The second is a massive silver gilt water pot ordered by James I in 1614. Its only comparable pair also in the Kremlin. Chased with thistles and Tudor roses and embossed with flames, it has a scaly coiling serpent for a handle and a clinging dragon for a spout.

Sotheby's has fleshed out its treasure by setting the Muscovy trade in context, producing more or less relevant examples of Tudor and Stuart letters, maps and charts, armour and weapons, furniture, costume and portraits.

The silver and its story is fascinating, and the show itself neatly re-establishes silver as an aid to Anglo-Russian trade and diplomatic relations. Lloyds of London insured the silver, Gauder & White packed it, and Midland Group sponsored the catalogue. Proceeds from the latter go towards the Kremlin conservation and exhibition programmes.

Susan Moore

## 'No one's contemporary ever'

OSIP Mandelstam is one of the greatest - some would argue that he is the greatest - Russian poet of the 20th century, and this week's reading of his work at the South Bank by Seanam Heaney and Joseph Brodsky, Russia's Nobel Laureate, celebrated the centenary of his birth and the publication of two new books of translations, one prose and the other poetry.

Heaney and Brodsky, each reading alternately in his native tongue, strove to give us a coherent chronological account of Mandelstam's life and work, whilst bearing in mind the difficulties of translating a poet whose practice it was, especially in the later poetry, to move rapidly from metaphor to metaphor, accumulating a dense and sometimes awkward surface of interacting meanings. As Brodsky put it, the two poets chose poems that "sounded reasonably good in English".

Mandelstam, as Heaney reminded us in his introduction, was essentially an apolitical man, who, by dint of time and circumstance, was drawn into the maelstrom of revolutionary Russia. He never regarded himself as a poet who wrote for the present, leaving that more humble task to those who tinkered in prose. He was, therefore, entirely appropriate that the readings should begin with an extremely rare recording of him, transcribed from a cylinder of 1925 declaiming the poem, "No, I was no one's contemporary ever..."

Heaney first became acquainted with Mandelstam's life and work through reading Nadzheda Mandelstam's memoirs of her husband, *Hope Against Hope* and *Hope Abandoned*. The memoirs describe, in painful fullness, how Mandelstam was dragged into the nightmare of history; and he became not only for Heaney but also for many others who read those memoirs, written in the 1960s but not published in the West until the early 1970s, the type of the scapegoat artist - a heroic victim of his age.

And his heroism seemed to be equalled only by that of his wife, who, outraged at his treatment by the authorities, lived a life of perpetual subterfuge after his death on the way to a labour camp in 1938, constantly fleeing harassment, storing precious copies of his manuscripts here, there and everywhere, believing it her sacred task to save for posterity (that ideal reader) the fruits of his mature genius.

Heaney and Brodsky could not be more different from each other as readers of poetry. Heaney is warm, relaxed, and companionable, a comfortable man to listen to, and he makes us eager. He stands, legs apart, and holds a gently peering at us over the top of his spectacles, eyes twinkling. He makes Mandelstam sound easy to get to grips with, close to us in his passionate lyricism. He reads quite slowly,

tweezing out individual details for our attention. We recognise that Mandelstam is an intensely private, feeling man, a poet of melody and verbal alchemy who renewed the Russian tongue.

Brodsky grips the lectern fiercely. His face is pallid, his skin stretched taut. He introduces the poems humbly, seeming unhappy with his own explanations, waiting always to express himself just a little

Heaney and Brodsky recite the poetry of Osip Mandelstam

more clearly... He cracks very good jokes from time to time. His insights can be brilliant. But he is so ill at ease - by turns arrogant, dismissive, bored, disdainful, impatient with the quality of the translations - that it is often difficult to pay attention to what he is actually saying.

But the greatest shock comes when he reads the poems. Heaney reads poems as he speaks. There is no violent division between the language of conversation and the language of poetry. Perhaps there is a little more respectfulness, a touch more gravity, but it is still the same melodic Irish voice stroking us into submis-

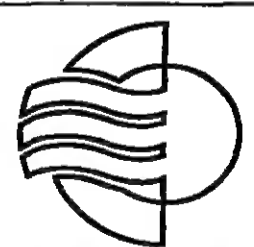
sion with its full, friendly, stretched vowels. Brodsky's voice breaks upon us like waves of the sea. When he begins to recite his voice shifts up semitones. It is as much a harangue as a reading, a terrible verbal assault upon the audience. He seems to be striving to do several things: to impress upon us that poetry is a form of elevated speech, something more spiritually refined than prose; to force us to recognise that poetry represents an exaltation of the power of language; to pummel us into submission, and to get the whole thing over and done with as quickly as possible.

We hear the poems as monoliths to the carpenter. Poetry was to be a supreme effort of craftsmanship. The programme of action known as Acmeism represented a reaction against the influence of the Russian Symbolists, those poets who were forever soaring up into some mystical beyond. Many of the poems in *Stone*, which was first published in 1913, have that quality of solidity, durability, and the sense that the poet is trying to represent real

things as clearly and honestly as possible. The collection also contains some of his finest poems about buildings, and this theme of the relationship between architecture and poetry was to obsess Mandelstam throughout his life. Great buildings are the visible embodiments of a world civilisation that accumulates, layer upon layer. Civilisation is a gradual process of accretion: Justinian stole columns from the Temple at Ephesus to build a greater monument, but this time in honour of the Christian God. Every poem that Mandelstam wrote represented a small contribution to a world culture that would surely come into being, little by little. Joseph Stalin, his tormentor, would die - but the poems would - and do - live on.

Michael Glover

The Collected Critical Prose and Letters and 'Stone' (Collins Harvill)



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Max Loppert

## Salieri comes into his own

Records

This scene is the triumph of Salieri's dramatic vision: curiously short, but riven with Alceste-like tremors and ending in an awesome outburst of brass and voices. C. G. that directly predicts Cherubini and Beethoven. Earlier, Salieri recalls the Gluckian mould with his own shapely, beautifully lyrical word-setting and voice-leading use of instruments; the master's concentrated intensity of tone and pace are imitated rather than always fully achieved.

Judging the work from this much-out performance (recitatives drastically pruned) requires, it should be said, a certain degree of caution. It well played and paced under Gelmetti's energetic baton, but the French diction varies from the just-passable (Margaret Marshall doing Hypermetra in her finding, neo-Schwarzkopf mode) to the risible (Kavkaz's sonorous-toned, rather wooden Danaus); only Gime-nez's elegant and finely poised Lynceus blends words and notes with any firm command of the French Classical manner.

All the same, it's a set well

re-working sings superbly, a rare case of a translator improving on his original subject (in this case, Fedor Bartok's uneasy mixture of high-flown symbolism and overripe romantic imagery). The Mackerras performance, based on a WNO concert on which I enthusiastically reported last year, buzzes with eloquence; it demands for this post-*Jerusalem* Janáček opera a place among the mature masterpieces. Each time one hears *Osud*, one finds in it new things to admire.

For *Les Vêpres siciliennes*, Verdi's second work for the Paris Opera, EMI have again resorted to translation. The results are less artistically assured than in the Janáček-Blumer *Osud* (the standard Italian version, despite having been supervised by the composer himself, is riddled with misaccents, narrative bluntings, and other infelicities). Yet because the opera comes "live" from La Scala, where the recording was taken two seasons ago, the context of a performance sung to an audience in its own language thoroughly justifies the usage.

Salieri: Les Danaïdes. Margaret Marshall, Dimitri Kavkazos, Raul Gimenez etc./Sutgart Radio Symphony and Orchestre Philharmonique. EMI CDS 7 54073 2 (two CDs). Janáček: *Osud*. Philip Langridge, Helen Field, Kathryn Harries etc./Welsh National Opera Orchestra and Chorus/Charles Mackerras. EMI CDC 7 4923 2 (one CD). Verdi: *I vespri siciliani*. Cheryl Studer, Chris Merritt, Giorgio Zancanaro, Ferruccio Furlanetto etc./La Scala Orchestra and Chorus/Riccardo Muti. EMI CDS 7 54043 3 (three CDs).

Even though the balance varies disconcertingly, the results are continuously gripping, characterised by an on-the-night feeling that compensates richly for any flaws in the sound-picture.

This is a strange opera: a landmark on the Verdi route, at best an exciting summoning of new powers, at worst a sometimes hectic piece of work-to-Meyerbeerian-rule. Muti holds an extremely impressive balance between its grandiose formulas and its intermittent shafts of Verdian greatness. He has become a Verdi conductor much readier to unfold than to drive, to shape the singers' contributions than to pin them into place.

The singing, however, lacks Grand Opera grandeur. Only Cheryl Studer, as a heroine fearless in attack and bold in outline, and the dramatically placid but vocally handsome baritone of Zancanaro possess anything like the required stature. In the end, Muti's fastidiousness and fervour and the wonderfully colourful playing of the Scala orchestra win through: in common with Mackerras and *Osud*, the conductor forces the listener to revalue *Les Vêpres siciliennes* away from the Verdi margins and toward the Verdi centre ground.

مكتبات الأصيل











**Y**OU DON'T have to be a pacifist to argue that a war against Iraq now would be an unjust war. Or so says Britain's peacenik priest, Bruce Kent.

Harassed by the secret service for his Campaign for Nuclear Disarmament work and at odds with the English Catholic hierarchy, the former monk is used to being on the unpopular side of the argument. This time, however, he is not alone. Many churchmen, academics and politicians agree with him that time-honoured conditions for a "just war" have not in this case been met.

As the hours to the UN deadline tick away, Bruce Kent, president of the London UN Association but yesterday wearing the hat of president of the International Peace Bureau, flew to the The Hague in an attempt to have the relevant UN resolution, number 678, declared technically invalid by the International Court.

His mission is an example of the militant pacifism that Kent, a gun-ho schoolboy and National Serviceman in the tank corps, says he has acquired through personal experience, knowledge of nuclear weaponry and what he calls his Christian fundamentalism.

"Yes, I'm a pacifist," he said this week. "But I don't like the word. I'd much prefer to say I support active non-violence because the word pacifist has become a term of opprobrium. It implies doing nothing until war breaks out and then refusing to do anything."

asked whether his pacifism meant standing by if a neighbour came round with a machete and threatened to kill his wife.

"That's precisely why I don't want to be called a pacifist. It's completely wrong to draw parallels between the pub brawl and international conflict where most troops are not even knowledgeable about the issues involved. If I was physically attacked I would probably fight back because I am quite belligerent. But I would want to disable rather than destroy if that were possible."

He doesn't look belligerent. He has the untorn face, chubby frame and urbane, confident manner of the successful cleric. Although Monsignor Kent is now plain "Mister", he is still a priest. He gave up his ministry four years ago because of the embarrassment his political activity was causing Cardinal Basil Hume and the Catholic Church. A year later he married Valerie Flessati of the Catholic peace organisation, Pax Christi - it was an unrelated decision, he insists.

Only the trophies in his terrace-house flat in one of the drabber areas of North London give a clue to his other career as left-wing socialist and Ministry of Defence bogymen: a miners' lamp from Scargill country, a glass goblet from the East German peace movement, a piece of wire from the Iron Curtain.

Hadn't the war against Hitler, at least, been necessary?

"Something had to be done, certainly. But I don't think it was necessary in the sense that if we had made the League of Nations work then the war might have been avoided. Remember that Establishment opinion was for tolerating Hitler until a very late date because he was seen to be a bastion against the spread of Communism. In a way pacifists suffer like firemen being brought along when the house is absolutely ablaze: it's not fair. My sort of person would never have tolerated the Versailles settlement."

Like others who oppose a Middle East war, Kent feels that British leaders have learned the lesson of Munich too well, and are gripped with a guilt about appeasement which compels them to continue to use the language of 1939 in the con-



Ashley Ashwood

### Private View

## Battles of an active pacifist

Christian Tyler talks to Bruce Kent, the 'peacenik priest' who is fighting through the courts to prevent a Gulf war

text of today's much more fearsome weapons.

"But I objected, if all peace efforts have failed there is nothing to do but stop the aggressor in his tracks. 'People say that. But when China took over Tibet I never heard anyone say we should go to war with China. Nobody suggested we should go to war with South Africa over apartheid. It was the same with the Soviet takeover of Czechoslovakia - yet that was a grossly unjust thing to do."

"I have to say that sometimes, like with some dreadful disease, you can't right the situation. Justice cannot be done in all circumstances."

So there are circumstances in which you would be forced to accept foreign dominion over your country because the consequences of defending your freedom were too catastrophic?

"I'll do my best to prevent bur-

glary but I am not prepared to blow up the house to keep out burglars. It's the same in the international world."

Better Red than Dead, in other words?

"I don't think that situation ever arose, but yes, I would say better Red than a nuclear holocaust. Better to live with the situation and change it from within. But now we see perfectly well that there was no Red Menace - they couldn't even run their own country."

Unlike many pacifists, Kent acquired his conviction late in life. As a schoolboy at the Jesuit-run Stonyhurst College, he applauded the bombing of Hiroshima. As a national serviceman he would have obeyed orders without question if sent to Malaysia or Korea. As a seminarist he considered the Suez venture a "bloody good show". What changed his mind was what he saw in Nigeria in 1969 during the

civil war: "hundreds of thousands of innocent people being starved to death, all in the cause of quite absurd nationalism, with oil at its root."

One friend remembers Bruce Kent as a sleek bureaucrat, working as a secretary to the then Cardinal Red than a nuclear holocaust. Better to live with the situation and change it from within. But now we see perfectly well that there was no Red Menace - they couldn't even run their own country."

Other influences, such as Graham Greene's novel *The Power and the Glory* and the martyrdom of the Austrian conscientious objector Franz Jägerstätter helped to move him to a moral stance more fundamental than that of the Church in his own country.

He agrees with a recent article in *Le Monde* which described the Vatican as moving on to a twin track approach to modern conflict:

denouncing its use in general, but soft-peddling in particular cases by reviving the escape route of the "just war".

So if you had to register as a conscientious objector tomorrow, what reasons would you give the tribunal?

"Well, I'd argue down both lines. I'd say that as a fundamentalist Christian I would not be involved in a war anyway. But also, applying the official teaching of the Catholic Church - the just war teaching - I cannot believe that this war is justified under those terms either."

The concept was invented by the Romans (except when fighting barbarians), developed by St. Augustine and St. Thomas Aquinas and refined by modern jurists. Today, there are seven commonly-quoted criteria to be satisfied - although by no means a simple checklist - two of which at least, Kent says, a UN-backed Gulf war cannot meet.

**U**ntil economic sanctions had been given time - and Iraq was singularly vulnerable to sanctions - a military attack was not the last resort the "just war" requires. Second, the punishment would be of all proportion to the crime, the benefit to be achieved being outweighed by the terrible human and physical devastation and the long-term damage to international relations.

"However clear the cases belli - and of course I want Saddam Hussein out and international order and law to prevail - there is no reasonable hope that war will be contained. Now if it was the Falklands again, an armed camp of soldiers, I agree it would be very difficult for me..."

I asked which Bruce Kent came first, the Scargillite socialist or the religious fundamentalist.

"I think Christianity is far more revolutionary than anything Arthur Scargill has on offer," he said. "Once you start praying the Our Father seriously you are talking about a common family and common people. If we take seriously issues of wealth and poverty and peace and war as I see it from the gospel, you come to a very much more interesting, more radical position than you do by following left wing socialism."

"So my socialism comes out of my Christianity. I don't see how you can love your enemies and threaten to incinerate them, still less their families, relations, the generations forward."

Then are you more Catholic than the Catholic Church?

"I answer questions like that I become a judgmental person. But 40 years ago I would have said I'm a Catholic and, oh yes, I'm a Christian as well. Now I would say I'm a Christian and I happen to belong to the Catholic part of that community."

Your position is thoroughly moral, you would say, and fundamentalist which makes it even more moral I suppose. Why is it that so few people apparently would agree with you?

"Public opinion is bought and sold in this country, as you know. It depends on what the *Sun* and *Mirror* tell them. Media owners have a stake in society, interests in the US. I don't know, I wish I could tell you. Why did we have the Cold War? But opinions change. History seems to go in spirals quite outside what I call the official pacifist world in this country, because it is so dogmatic. A lot of the nicest people one meets who don't want war are military people, are civil servants, doing the hard graft of making life work."

"Pacifism is not a ticket to salvation. We all have to work through these problems."

## The curse of Rifkind

Michael Thompson-Noel

**C**ECIL PARKINSON, Britain's foppish former transport secretary, is one of those people, so Robert Rippon is another one, so is Robert Maxwell, chemical antipathy. If I knew them I would probably like them. I expect they are kind to animals and forever sending postal orders to the hungry and impoverished.

In Cecil's case, my dislike was only marginally influenced by his dress and fastidiousness. He was majestic, and probably fragrant. What used to anchor my distaste was his aloofness in the face of the mess that masquerades as Britain's transport policy, at least as evidenced in London.

It was Cecil, after all, who uttered one of the most damning declarations of the late Thatcher period. "I really must get around to catching a few buses and getting on the Tube," he said a year ago. "I haven't been on one for years."

But Cecil is lost from view now, and spending more time with his family. His successor as transport secretary, Malcolm Rifkind, seems a different kettle of fish. I am finding it hard to loathe him, though all it will take is time.

For example, I cursed him on Thursday when I left the office and walked to the little Southwark street where I park my car from day-break to tea-time. As I rounded the corner I was brought to a halt by a revolting sight. My pulse soared wildly. I clutched at my straining tie. I was as stunned as a mule.

In a fit of unspendable pique, the local gestapo had slapped a parking ticket on my car.

I am proud of that lovely car. It is not an office car. I am not one of your sycophants. It is my very own car, bought with hard-earned cash augmented, now and then, by rather showy coups at the better British race tracks. It is a white-painted car, as white as Shakespeare's breast.

A British car, of course, a Rover with an ill-fitting driver's door that whistles on the autobahn and a sunroof that leaks.

I am protective of its faults, though I expect to be quizzed about them by John Stalker, former deputy chief constable of Greater Manchester, who was recruited, last year, to investigate "alleged leaks" at the Rover group.

The sunroof aside, I get an inordinate amount of pleasure from my white-breasted Rover, beneath whose bonnet beats a wrathful British engine.

The British can still make engines, mark my words. I believe that if matters in the Gulf finally reach flash-point it will be our tanks that reach Baghdad first - indeed, may overshoot it, pulling to a halt in Rostov.

It is the Britishness of my car, its fine Roverish qualities, that led me to suppose that it was safe where it was parked, among some council houses.

The inhabitants of those houses take a violent view indeed of any foreign cars - especially French or

German ones - parked within their purviews, but they turn a blind eye to anything British-made except in their midst.

They wave to me at day-break and admire, wide-eyed, the way I blast my horn at any dreadful Volvo or unspeakable BMW of limp-wristed Renault that dares to cross my path while I am executing my manoeuvres.

Rover drivers are encouraged to use their horns. For it is stated in the manual, in words no-one can deny, that the horn of a Rover must be tested every day.

If asked to explain themselves, the gestapo would claim that on Thursday, at tea-time, I was parked on a yellow line. But it is a pathetic thing, that line, not exactly yellow, not, in truth, a line, more the last meandering of a choleric, emptying rat.

This is not to malign the health and safety standards of the excellent borough of Southwark, where the global headquarters of this newspaper are now eccentrically found.

Nevertheless, it was the gestapo's temerity - in attacking my British car with one of their vulgar tickets that made me - I applied my needed shoes to the

silk-smooth Rover pedals, completed a six-point turn, placed some cypresses on the stereo, flicked ash from my cigarette and ventured into the traffic, trumpeting the horn at a post-coloured Poshie driven by a blond and aggressive youth, a bank president, I imagine, certainly he wore an ear-ring - who was bombing across the bridge, girlfriend at his side, Pet Shop Boys on the stereo, skin-on-the-road snowchains at the ready - a truly ominous youth - at precisely the moment that I was steering my valiant Rover across three lanes of traffic in a constant stream, more that I mastered, as it happens, on the Tuesday following the Sunday that the authorities in their wisdom unveiled the first set of traffic lights in central Australia.

If I was transport secretary I would make it clear, in view of the balance of payments, that from here on in, no British car was ever to be given a parking ticket.

I was an officer that Vorob, be quarantined in Gloucestershire. Renaults would stay in France. All German cars, starting with BMWs, would be swiftly repatriated, depending on capacity at the major British ports. There would be tanks on London's bridges to fire a dozen rounds at the ear-ringed brigade as they flashed into London.

As for Malcolm Rifkind, I have a question to ask him: why does the government's pathetic transport policy for central London appear to rely so heavily on the gestapo poking their noses into all the little parking fines?

To get London moving will take vision and macro-projections and the spending of billions, not the savage hounding of men who drive Rovers. I hate you, Malcolm Rifkind. I hate you, Malcolm Rifkind.

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### SPORT

#### Tennis/John Barrett

## Seeking answers in Australia

**T**HE FIRST of the year's major tennis championships, the A\$5.2m Australian Open, which begins in Melbourne on Monday, should settle a few of the questions left over from an intriguing 1990 season.

Last year, for the first time since 1966, eight different men and women won the singles titles at the four grand slam events. Steffi Graf retained her Australian crown but fell in the final of the French Open to 16-year-old Monica Seles. The 21-year-old German was too nervous to survive in the Wimbledon semi-final against an inspired Zina Garrison (who was then beaten by Martina Navratilova), and was tripped at the last hurdle by a transformed Gabriela Sabatini in New York.

I was sitting at courtside for that Melbourne final against Mary Joe Fernandez and I saw how tentative and nervous Graf was. That lack of confidence was to haunt her all season, intensified, no doubt, by the allegations of impropriety against her father that were making headlines round the world. When the scandal was at its height during the French Open, I remember thinking how difficult life must be in the gruffish bowl for a sensitive person like Steffi.

When Sabatini beat her again in the semi-finals of the Virginia Slims in November - a marvellous 6-4 6-4 decision that revealed once again the frailty of the German's sliced backhand - the anxiety

was still apparent. And small wonder, for no world champion is comfortable when a weakness in her game has been revealed.

In the past, Steffi's heavy forehead and great athletic ability have enabled her to cover up this Achilles' heel. Of all her rivals, only Navratilova was capable of exploiting it, and then only occasionally on a really fast court. But Sabatini's decision to become a serve-volleyer, a change of style encouraged by her new coach, Carlos Kirmayr, has turned her into a surprisingly capable attacking player.

Carlos has also helped Gabby enjoy her tennis again, but then you would expect that from someone who, when young, ran a pop group called the Fleabags. Carlos has always had life in proper perspective.

Steffi can and does occasionally hit flat or lifted backhands. Her Czech coach, Pavel Slovic, was telling me at the US Open how frustrating it had been to see Steffi hitting a stream of perfect drives in their practice sets and yet not having the belief to use the shot regularly in matches. It is a problem many players face. When danger threatens they play safe.

The way Steffi tackles this psychological problem in the next two weeks will be a measure of her greatness. Her No. 1 world ranking, a position she has held for a record 19 weeks, since August 17 1987, looks increasingly insecure.

Seles is playing in Australia for the first time and I shall be surprised if she does not prove her versatility by winning the title. She caused all sorts of problems by pulling out of the Sydney tournament this week after competing in the Hopman Cup, an international special event involving singles and mixed doubles that is mistakenly sanctioned by Australia.

Frankly, this is disgraceful. True, Seles has been fined \$6,000 for withdrawing, and the Women's Tennis Association also had to pay the organisers \$22,500 for failing to comply with their obligations. But the players should never be subjected to this sort of temptation. The Hopman Cup is a wonderful event but should be held at another time of year.

The men, too, were hard to assess last year. Ivan Lendl's only grand slam success came in Melbourne and he was very fortu-

nate that Stefan Edberg's stomach muscle injury forced the Swede to retire midway through the final. At the time I thought Edberg was the better player.

Ironically, a similar injury in Sydney this week forced Ivan to retire from the New South Wales Open in his first match. Lendl may have reached the point in a distinguished career when he is starting to slip. He is marginally slower now, is making more errors than usual, and is not finding it so easy to hit winners.

For Andrei Gomez, 1990 ended on June 10, the day he won his first grand slam title in Paris at the age of 30. And why not? This delightful Ecuadorian left-hander has nothing left to prove and is entitled to enjoy a distinguished semi-retirement.

But the man he beat in that final, the arrogant American, Andre Agassi, has plenty to prove, for he showed a disquieting lack of match-playing ability both in Paris and in the title match at Flushing Meadows where Pete Sampras thrashed him.

Once again Agassi has chosen to miss



Pete Sampras: a serious rival for Edberg

the Australian Open. He has never competed here, though he is now talking of entering for Wimbledon this year. Until he is ready to put his reputation on the line against his peers at all the grand slams, the only events where everyone is giving 100 per cent, we cannot take him seriously.

What we must take seriously is Agassi's attitude to contractual obligations. The fine of \$25,000 imposed on him for withdrawing from the 1990 Compaq Grand

Slam Cup in Munich is totally inadequate but is the highest penalty allowed under the present rules. In 1991 that figure will be increased to \$50,000.

What of Edberg and Boris Becker, who disputed the Wimbledon final for the third year running after each had lost in the first round in Paris? Both are finding it difficult to replace the younger men, Sampras, the US Open champion, and Goran Ivanisevic, the left-handed Yugoslav, are their chief rivals, and I expect to see one of them win in Melbourne.

All four have chosen to prepare for the Open by competing in this week's special Rio event in Adelaide, a round-robin played at night. This is hardly the way to prepare for the potentially blistering heat of Melbourne.

It is wonderful how this game keeps on throwing up bright new players. This week in Sydney a young Russian, Fabrice Santoro, has demonstrated his considerable skills. Double-handed on both wings, like Seles, Santoro qualified here and then beat last year's finalist "Charlie" Steeb of Germany 7-5 6-2 with dazzling control and guile.

America's Aaron Krickstein, the champion here two years ago, was the next victim, beaten 7-5 1-6 6-3 and totally bemused. Aged just 18 and already ranked 54th in the world, Santoro does not yet realise how good he is. The higher ranked men are hoping he never finds out.

#### Golf/Lauren St John

## Lunch in Zambia; luggage in Kenya

**I**N 21 years of playing Africa's Safari Tour, which includes the Nigerian, Zambian, Zimbabwean, Kenyan and Ivory Coast Opens, Irishman David Jones has encountered most disasters, natural or otherwise, known to man.

Jones has been through hurricanes and floods, contracted malaria, bilharzia and other diseases, escaped poisonous snakes and crocodiles, been locked up in jail and been held at gunpoint in Zambia. On the safari tour, patience is not just a virtue: it is a necessity.

"The safari tour breeds a certain type of character," says Jones, winner of the 1990 Kenya Open and committee member on the European PGA tour, "because it has a way of

weeding out anybody who has not got patience and calm. So many things go wrong simply because it is the Third World."

The result is a group of safari tour specialists, namely Yorkshireman Gordon J. Brand, who has won six safari events, Welshman David Llewellyn, who has won three African titles, and Jones. All four are well-known on the European tour for their easy-going approach to life.

It is Jones's belief that the reason why younger or more gifted players do not do better on the safari tour is that they cannot cope with its trials and tribulations.

In Nigeria last December, for example, a day's play had to be cancelled because the authori-

ties in Lagos decided to ban public gatherings because they were holding a council election on the Saturday of the tournament. Anybody who was not voting was confined to home or hotel for 24 hours.

From Lagos, 56 players were to fly to Abidjan, but on arrival at the airport they found there were only 22 seats on the aircraft. The 34 players left behind had to spend the night in a hotel of such dubious repute that they stayed up all night playing cards, afraid to risk the beds.

The following morning they were put on an aircraft to Togo. On arrival in Abidjan at midnight, they were taken on a five-hour bus journey to the tournament venue. They reached their destination at 6am on the morning of the pro-am, in which three of the golfers were playing at 8.30am.

"You can't say it was anybody's fault," says Jones, considering the plight of those left behind in Lagos, "because you are dealing with airlines that don't operate to the same rules as European airlines do. They

overbook. People who aren't on the flight can bribe their way on. I was on a flight to Nairobi via Lagos. The plane stopped to refuel and I was thrown off with no luggage, no money and no visa, along with 11 other people."

Apart from losing his golf clubs on his way to Africa last year and having to borrow three different sets of clubs to play in each tournament, most of his experiences on the safari tour have involved the people who accommodated him in

Zambia and Kenya.

In the early 70's a player called David Moore was actually murdered by his Zambian host. Morgan's Kenyan hostess a few years ago did nothing so dramatic. She did, however, like to make breakfast and lunch in quick succession and then start on the Martinis. Her judgment by teatime had generally clouded to such an extent that she once turned three of Morgan's best shirts into small pieces of charcoal by putting them in the microwave.

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